

VEEVA SYSTEMS INC.
2020 ANNUAL REPORT
& PROXY STATEMENT







May 12, 2020

Dear Fellow Stockholders:

Please join me and the Board of Directors at our 2020 Annual Meeting of Stockholders, which will be held as a virtual meeting on Thursday, June 25, 2020 at 12:00 p.m. Pacific Time.

Our 2020 Annual Meeting comes at an unprecedented time. Now more than ever, life sciences is playing a crucial role in our society. Our customers are working hard on diagnostic tests, medicines, and vaccines for COVID-19, and we are helping them in their efforts while taking care of the health and safety of our employees.

You can attend the Annual Meeting online by navigating to www.virtualshareholdermeeting.com/VEEV2020 and entering the 16-digit control number included in our Notice of Internet Availability of Proxy Materials, on your proxy card, or in the instructions that accompanied your proxy materials. You will be able to listen to the Annual Meeting live, submit questions, and vote online. Further details regarding our Annual Meeting are included in the accompanying Notice of 2020 Annual Meeting of Stockholders and Proxy Statement.

We are also pleased to furnish proxy materials to our stockholders over the Internet. We believe providing these materials electronically expedites stockholder receipt of them and lowers the cost and reduces the environmental impact of our Annual Meeting. We encourage you to read this information carefully.

Your vote is important to us, and we hope you will vote as soon as possible. Whether or not you plan to participate in our virtual Annual Meeting, we encourage you to vote over the Internet, by telephone, or by mail. Voting in advance of the Annual Meeting will ensure your representation at the Annual Meeting regardless of whether you attend.

Thank you for your ongoing support of Veeva.

Very truly yours,

A handwritten signature in black ink, appearing to read "Peter Gassner".

Peter P. Gassner
Chief Executive Officer and Director



NOTICE OF 2020 ANNUAL MEETING OF STOCKHOLDERS

**Thursday, June 25, 2020
12:00 p.m. Pacific Time**

Location: www.virtualshareholdermeeting.com/VEEV2020

In light of the COVID-19 outbreak, we believe hosting a virtual Annual Meeting helps ensure the health and safety of our stockholders, Board, and management. Our virtual Annual Meeting is also generally designed to enable participation of and access by more of our stockholders while decreasing the cost of conducting the meeting. Stockholders attending the virtual Annual Meeting will be afforded the same rights and opportunities to participate as they would have had at an in-person meeting.

Items of Business

- (1) Elect for three-year terms the three directors named in the Proxy Statement accompanying this notice to serve as Class I directors until 2023 or until their successors are duly elected and qualified;
- (2) Ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2021; and
- (3) Transact such other business as may properly come before the meeting.

Adjournments and Postponements

Any action on the items of business described above may be considered at the virtual Annual Meeting or at any time and date to which the Annual Meeting may be properly adjourned or postponed.

Record Date

You can vote if you were a stockholder of record as of the close of business on May 1, 2020 (the "Record Date").

Voting

Your vote is very important. We encourage you to read the Proxy Statement and vote your shares over the Internet, by telephone, or by mail. Voting your shares in advance will not prevent you from attending the Annual Meeting virtually, revoking your earlier submitted proxy, or voting your shares at the virtual Annual Meeting. For specific instructions on how to vote your shares, please see "Frequently Asked Questions and Answers" in the Proxy Statement.

On or about May 12, 2020, a Notice of Internet Availability of Proxy Materials (the "Notice") has been mailed to stockholders of record as of the Record Date. The Notice contains instructions on how to access our Proxy Statement for our 2020 Annual Meeting of Stockholders and our fiscal 2020 Annual Report (together, the proxy materials). The Notice also provides instructions on how to vote and includes instructions on how to receive a paper copy of proxy materials by mail. The proxy materials can be accessed directly at the following Internet address: www.proxyvote.com.

By Order of the Board of Directors,

Josh Faddis

SVP, General Counsel and Corporate Secretary

May 12, 2020

An Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on June 25, 2020: The Notice, Proxy Statement, and 2020 Annual Report is available to stockholders at www.proxyvote.com.

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PROXY STATEMENT

This Proxy Statement is furnished in connection with solicitation of proxies by the Board of Directors (the “Board”) of Veeva Systems Inc. for use at the 2020 Annual Meeting of Stockholders (the “Annual Meeting”) to be held at 12:00 p.m. Pacific Time on Thursday, June 25, 2020 and at any postponements or adjournments thereof. The Annual Meeting will be held virtually at www.virtualshareholdermeeting.com/VEEV2020, where you will be able to listen to the meeting live, submit questions, and vote online.

On or about May 12, 2020, we mailed to our stockholders a Notice of Internet Availability of Proxy Materials (the “Notice”) containing instructions on how to access our proxy materials. As used in this Proxy Statement, the terms “Veeva,” “the Company,” “we,” “us,” and “our” mean Veeva Systems Inc. and its subsidiaries unless the context indicates otherwise.

PROXY SUMMARY

This proxy summary highlights certain information in this Proxy Statement and does not contain all the information you should consider in voting your shares. Please review the entire Proxy Statement and our 2020 Annual Report carefully before voting. Page references are supplied to help you find further information in this Proxy Statement.

Proposals Which Require Your Vote

Proposal		More Information	Board Recommendation	Broker Non-Votes	Abstentions	Votes Required for Approval
One	Elect for three-year terms Mark Carges, Paul E. Chamberlain, and Paul Sekhri to serve as Class I directors until 2023 or until their successors are duly elected and qualified	Page 3	FOR all nominees	Will not count in nominee's favor	Will not count in nominee's favor	Plurality of votes voted at the Annual Meeting
Two	Ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2021	Page 41	FOR	Do not impact outcome	Do not impact outcome	Majority in voting power of the votes cast

Eligibility to Vote (page 45)

You can vote if you were a stockholder of record as of the close of business on May 1, 2020 (the “Record Date”).

How to Vote (page 45)

Your vote is important to us. Please exercise your right to vote as soon as possible. You can vote by any of the following methods:

Stockholders of Record

- Internet: www.proxyvote.com until 11:59 p.m. Eastern Time on Wednesday, June 24, 2020;
- Telephone: 1-800-690-6903 until 11:59 p.m. Eastern Time on Wednesday, June 24, 2020;
- Mail: Sign, date, and mail your proxy card (if you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you instruct); or
- Directly at the virtual Annual Meeting: Visit www.virtualshareholdermeeting.com/VEEV2020 and enter your 16-digit control number.

Beneficial Owners of Shares Held in Street Name

- Please refer to the voting instructions provided to you by your broker, trustee, or other nominee that holds your shares.

Proxy Summary

Board Nominees (page 3)

There are three nominees for election to the Board.

Name	Age	Veeva Director Since	Independent	Committee Membership
Mark Carges	58	2017	Yes	Compensation Committee
Paul E. Chamberlain	56	2015	Yes	Audit Committee
Paul Sekhri	62	2014	Yes	Nominating and Governance Committee

Corporate Governance (page 16)

We regularly review our current corporate governance practices against best practices and peer benchmarks. Over the past year, we continued our stockholder engagement with investors to discuss environmental, social, and governance matters. We also added a female director to our Board in August 2019 when Dr. Hedley was appointed.

Executive Compensation (page 26)

As discussed in the proxy statement for our 2019 annual meeting, in March 2019, our Compensation Committee conducted its annual executive compensation review and approved changes to the compensation program for executive officers, other than our chief executive officer (“CEO”), that impacted their compensation for fiscal 2020 and beyond. The Compensation Committee ultimately determined to transition from the program developed at the time of our initial public offering to a new program that went into effect during our fiscal 2020. In fiscal 2020, the primary components of the compensation program for our named executive officers, other than our CEO, were base salary, short-term equity incentives (a “stock bonus”) in the form of an annual restricted stock unit (“RSU”) grant, and long-term equity incentives in the form of annual grants of stock options.

Our Board and Compensation Committee believe that this new program is effective at incentivizing and retaining our senior executives and closely aligns the interests of our senior management team with those of our stockholders.

PROPOSAL ONE: ELECTION OF DIRECTORS

Our Board unanimously recommends a vote “FOR ALL” Class I nominees.

Our Board may establish the authorized number of directors from time to time by resolution. Our Board is currently comprised of nine members who are divided into three classes with staggered three-year terms. Seven of our directors qualify as independent in accordance with New York Stock Exchange (“NYSE”) listing standards. A director serves in office until his or her respective successor is duly elected and qualified or until his or her earlier death, resignation, or removal. Our restated certificate of incorporation (“Certificate”) and amended and restated bylaws (“Bylaws”) that are currently in effect authorize only our Board to fill vacancies on our Board until the next annual meeting of stockholders. Any additional directorships resulting from an increase in the authorized number of directors would be distributed among the three classes so that, as nearly as possible, each class would consist of one-third of the authorized number of directors. You cannot vote for a greater number of persons than the number of nominees named in this Proxy Statement.

Information About Nominees and Continuing Directors

Nominees for Election at the Annual Meeting (Class I)

Three Class I directors have been nominated for election at the Annual Meeting for three-year terms, each expiring in 2023. Upon the recommendation of our Nominating and Governance Committee, our Board has nominated Mark Carges, Paul E. Chamberlain, and Paul Sekhri for election as Class I directors. Each of them was recommended as a nominee by the Nominating and Governance Committee. The term of office of each person elected as director will continue until such director’s term expires in 2023, or until such director’s successor has been duly elected and qualified.

Mark Carges

Age: 58

Director since 2017

Independent Director

Committees

Compensation

Qualifications

Our Board determined that Mr. Carges should serve as a director based on his extensive enterprise and internet software experience and his experience as a senior technology executive.

Career Experience

Mr. Carges previously served as the Chief Technology Officer of eBay Inc., an e-commerce company, from September 2009 to September 2014. From September 2009 to November 2013, he served as eBay’s Senior Vice President, Global Products, Marketplaces. From September 2008 to September 2009, he served as eBay’s Senior Vice President, Technology. Prior to joining eBay Inc., Mr. Carges served in a succession of senior technology leadership roles, including most recently as Executive Vice President, Products and General Manager of the Business Interaction Division, at BEA Systems, Inc., a provider of enterprise application infrastructure software, which was acquired by Oracle Corporation. Since September 2017, Mr. Carges also serves as Senior Advisor at Generation Investment Management, an investment management firm focused on sustainable companies.

Board Experience

Mr. Carges serves on the board of directors of Splunk Inc. since September 2014. Mr. Carges also serves on the board of Magnet Systems, Inc., a private mobile engagement software company, since September 2012, and Phase One A/S, a private digital photography equipment and software company, since November 2019. Mr. Carges previously served on the board of directors of Rally Software Development Corp., which was acquired by CA Technologies, from November 2011 to July 2015.

Education

Mr. Carges received his Bachelor of Arts degree in Computer Science from the University of California at Berkeley and his Master of Science degree from New York University.

Proposal One

Paul E. Chamberlain

Age: 56

Director since 2015

Independent Director

Financial Expert

Committees

Audit

Qualifications

Our Board determined that Mr. Chamberlain should serve as a director based on his extensive experience working with high technology and high growth firms, his leadership experience, and his financial expertise.

Career Experience

Since January 2015, Mr. Chamberlain has operated his own strategic and financial advisory firm, PEC Ventures. From July 1990 to January 2015, Mr. Chamberlain worked at Morgan Stanley, during which time he served as Managing Director for 18 years and as the Co-Head of Global Technology Banking for ten of those years. He also served as a member of the Investment Banking Division's Operating Committee. Mr. Chamberlain spent the majority of his Morgan Stanley career in the firm's Menlo Park, California office where he led account teams on financing and strategic transactions for its technology clients.

Board Experience

Mr. Chamberlain serves on the board of directors of ServiceNow, Inc. since October 2016 and TriNet Group, Inc. since December 2015. He also serves as Chair of the Strategic Advisory Committee of JobTrain, a non-profit organization based in Menlo Park, California that provides vocational and life skills training, and has served on its board of directors for over ten years.

Education

Mr. Chamberlain earned a Bachelor of Arts in History, magna cum laude, from Princeton University and a Master of Business Administration from Harvard Business School.

Paul Sekhri

Age: 62

Director since 2014

Independent Director

Committees

Nominating and
Governance

Qualifications

Our Board determined that Mr. Sekhri should serve as a director based on his extensive experience as an executive and investor in the life sciences industry as well as his experience on numerous boards of directors for life sciences companies.

Career Experience

In January 2019, Mr. Sekhri was appointed President and CEO of eGenesis, Inc., a biotechnology company focused on transplantation. Prior to joining eGenesis, Mr. Sekhri served as President and CEO of Lycera Corp., a biopharmaceutical company, from February 2015 to January 2019. From February 2016 to May 2017, Mr. Sekhri was Operating Partner at Highline Therapeutics, a biotech incubator launched by Versant Ventures. Mr. Sekhri was Senior Vice President, Integrated Care at Sanofi S.A., a multinational pharmaceutical company headquartered in France, from April 2014 to January 2015. From May 2013 to March 2014, Mr. Sekhri was Group Executive Vice President, Global Business Development and Chief Strategy Officer at Teva Pharmaceutical Industries, Ltd., a global pharmaceuticals company focusing on the manufacture of generic and proprietary pharmaceutical products headquartered in Israel. From January 2009 to May 2013, Mr. Sekhri was Operating Partner and Head, Biotech Ops Group at TPG Biotech, the life sciences venture arm of the global private investment firm TPG Capital, where he was responsible for a portfolio of more than 50 life sciences companies. From December 2004 to January 2009, Mr. Sekhri was President and CEO of Cerimon Pharmaceuticals, Inc., a pharmaceutical company focusing on auto-immune diseases and pain management.

Board Experience

Mr. Sekhri has served as a director of numerous private and public company boards, including Ipsen S.A. since May 2018, Compugen Ltd. since October 2017, Alpine Immune Sciences, Inc. since July 2017 following its acquisition of Nivalis Therapeutics, Inc., where Mr. Sekhri served as a director since February 2016, Pharming N.V. since April 2015, Enumeral Biomedical Holdings, Inc. from December 2014 to September 2017, Tandem Diabetes Care Inc. from May 2012 to May 2013, MacroGenics, Inc. from January 2010 to May 2013 and Intercept Pharmaceuticals, Inc. from January 2008 to September 2012.

Education

Mr. Sekhri completed post-graduate studies in clinical anatomy and neuroscience at the University of Maryland, School of Medicine and received a Bachelor of Science degree in Zoology from the University of Maryland.

Proxy Statement

Proposal One

Directors Whose Terms Expire at the 2021 Annual Meeting (Class II)

Timothy C. Barabe

Age: 67

Director since 2015

Independent Director

Financial Expert

Committees

Nominating and
Governance (Chair)
Audit

Qualifications

Our Board determined that Mr. Barabe should serve as a director based on his extensive executive experience in the life sciences industry and his experience as a finance executive.

Career Experience

Mr. Barabe retired in 2013 as Executive Vice President and Chief Financial Officer of Affymetrix, Inc. Previously, from July 2006 until March 2010, he was Senior Vice President and Chief Financial Officer of Human Genome Sciences, Inc. Mr. Barabe served as Chief Financial Officer of Regent Medical Limited, a U.K.-based, privately owned, surgical supply company, from 2004 to 2006. He was with Novartis AG from 1982 through August 2004, where he served in a succession of senior executive positions in finance and general management, most recently as the Chief Financial Officer of Sandoz GmbH, the generic pharmaceutical subsidiary of Novartis.

Board Experience

Mr. Barabe serves on the board of directors of Selecta Biosciences, Inc. since July 2016 and served on the board of directors of ArQule, Inc. from November 2001 to January 2020, when it was acquired by Merck & Co., Inc., and Opexa Therapeutics from March 2014 to September 2017. Mr. Barabe also serves on the board of directors of Vigilant Biosciences, a private medical device company, since November 2014 and served on the board of directors of Project Open Hand, a non-profit organization, from April 2014 to April 2020.

Education

Mr. Barabe received his Bachelor of Business Administration degree in Finance from the University of Massachusetts (Amherst) and his Master of Business Administration from the University of Chicago.

Gordon Ritter

Age: 55

Director since 2008

Chairman of the Board

Independent Director

Committees

Compensation (Chair)

Qualifications

Our Board determined that Mr. Ritter should serve as a director based on his extensive business experience in the software and web services industries, his experience in venture capital, and his service as a director of numerous private companies.

Career Experience

Mr. Ritter has been a General Partner at Emergence Capital Partners, a venture capital firm he founded, since June 2002. Prior to founding Emergence, Mr. Ritter was co-founder and Chief Executive Officer of Software As Service, Inc., a web services platform company. Prior to founding Software As Service, Mr. Ritter served as Vice President of the IBM Global Small Business division. Prior to IBM, Mr. Ritter was co-founder and President of Whistle Communications, Inc., an internet appliance and services platform for small and medium-sized businesses, which was acquired by IBM. Before Whistle, Mr. Ritter was co-founder and President of Tribe, Inc., a networking infrastructure company. Prior to Tribe, Mr. Ritter was Vice President of Capital Markets at Credit Suisse First Boston Inc.

Board Experience

Mr. Ritter currently serves on the boards of directors of numerous private technology companies.

Education

Mr. Ritter earned a Bachelor of Arts degree in Economics from Princeton University.

Proposal One

Matthew J. Wallach

Age: 47

Director since 2020

Committees

None

Qualifications

Our Board determined that Mr. Wallach should serve as a director based on his significant expertise in the life sciences industry and as a business leader and executive. Mr. Wallach also has a unique perspective and experience with our business based on his position as one of our founders and most recently, as our President, prior to his retirement in June 2019.

Career Experience

Mr. Wallach is one of the Company's founders and served in various senior executive roles since joining the Company in March 2007, including serving as Veeva's President from August 2013 until his retirement in June 2019. He served as our Chief Strategy Officer from September 2010 to August 2013. Between April 2005 and March 2007, Mr. Wallach served as Chief Marketing Officer at Health Market Science, Inc., a supplier of healthcare data solutions. From January 2004 to December 2004, Mr. Wallach served as Vice President of Marketing and Product Management at IntelliChem, Inc., a provider of scientific content management solutions. Mr. Wallach was previously the General Manager of the Pharmaceuticals & Biotechnology division at Siebel Systems, Inc., a customer relationship management software company, from August 1998 to December 2003.

Board Experience

Mr. Wallach has served on the board of directors of HealthVerity, Inc., a private healthcare data company, since September 2016.

Education

Mr. Wallach earned a Bachelor of Arts degree in Economics from Yale University and a Master of Business Administration from the Harvard Business School.

Directors Whose Terms Expire at the 2022 Annual Meeting (Class III)

Ronald E.F. Codd

Age: 64

Director since 2012

Independent Director

Financial Expert

Committees

Audit (Chair)
Compensation

Qualifications

Our Board determined that Mr. Codd should serve as a director based on his management and software industry experience, including his experience in finance, which gives him a breadth of knowledge and valuable understanding of our industry.

Career Experience

Mr. Codd has been an independent business consultant since April 2002. From January 1999 to April 2002, Mr. Codd served as President, Chief Executive Officer, and a director of Momentum Business Applications, Inc., an enterprise software company. From September 1991 to December 1998, Mr. Codd served as Senior Vice President of Finance and Administration and Chief Financial Officer of PeopleSoft, Inc., a provider of enterprise application software.

Board Experience

Mr. Codd has served on the board of directors of a number of information technology companies, including FireEye, Inc. since July 2012; ServiceNow, Inc. from February 2012 to June 2019, Rocket Fuel Inc. from February 2012 to September 2017; DemandTec, Inc. from February 2007 to February 2012; Data Domain, Inc. from October 2006 to July 2009; Interwoven, Inc. from July 1999 to April 2009; and Agile Software Corporation from August 2003 to July 2007.

Education

Mr. Codd holds a Bachelor of Science degree in Accounting from the University of California, Berkeley and a Master of Management in Finance and Management Information Systems degree from the Kellogg Graduate School of Management at Northwestern University.

Proposal One

Peter P. Gassner

Age: 55

Director since 2007

Committees

None

Qualifications

Our Board determined that Mr. Gassner should serve as a director based on his position as one of our founders and as our Chief Executive Officer, his extensive experience in general management, as a technologist focused on software and platform development, and his experience in the software industry.

Career Experience

Mr. Gassner is one of our founders and has served as our CEO since January 2007. Prior to joining Veeva, Mr. Gassner was Senior Vice President of Technology at salesforce.com, inc., a provider of enterprise cloud computing solutions, from July 2003 to June 2005, where he led the development effort to extend the Salesforce Platform to the enterprise. Prior to his time with salesforce.com, Mr. Gassner was with PeopleSoft from January 1995 to June 2003. At PeopleSoft, he served as Chief Architect and General Manager responsible for development, strategy, marketing and deployment of PeopleTools, the architecture underlying PeopleSoft's application suite. Mr. Gassner began his career with International Business Machines Corporation (IBM). At IBM, Mr. Gassner conducted research and development on relational database technology, including the DB2 database.

Board Experience

Mr. Gassner has served on the board of directors of Zoom Video Communications, Inc. since November 2015, and served on the board of directors of Guidewire Software, Inc. from June 2015 to December 2019.

Education

Mr. Gassner earned a Bachelor of Science degree in Computer Science from Oregon State University.

Mary Lynne Hedley

Age: 57

Director since 2019

Independent Director

Committees

None

Qualifications

Our Board determined that Dr. Hedley should serve as a director based on her extensive pharmaceutical and life sciences industry experience and her service as an executive and director of numerous life science companies.

Career Experience

Dr. Hedley serves as President and Chief Operating Officer of TESARO, an oncology-focused pharmaceutical company acquired by GlaxoSmithKline plc in January 2019. Dr. Hedley previously served as president of TESARO since co-founding the company in March 2010 prior to its acquisition by GlaxoSmithKline. From July 2009 to February 2010, Dr. Hedley served as Executive Vice President of Operations and Chief Scientific Officer of Abraxis BioScience, Inc., a biotechnology company. Dr. Hedley served as Executive Vice President of Eisai Corporation of North America from January 2008 until July 2009, following Eisai Co. Ltd.'s acquisition of MGI PHARMA, Inc. in January 2008. Dr. Hedley also served in various positions at MGI PHARMA, Inc. from 2004 through its acquisition in 2008, most recently as Executive Vice President and Chief Scientific Officer. Prior to that, Dr. Hedley co-founded and served as the President and Chief Executive Officer of ZYCOS, Inc., a biotechnology company, which was acquired by MGI PHARMA, Inc., in 2004.

Board Experience

Dr. Hedley has served on the board of directors of Millendo Therapeutics, Inc., a late-stage biopharmaceutical company, since March 2017. Dr. Hedley served on the board of directors of TESARO, Inc., from March 2010 until January 2019. From September 2017 to February 2019, Dr. Hedley also served as a director of bluebird bio, a clinical-stage gene therapy company. Dr. Hedley also served as a member of the board of directors of Receptos, Inc., a biopharmaceutical company, from April 2014 until it was acquired by Celgene Corp. in August 2015.

Education

Dr. Hedley completed two consecutive postdoctoral fellowships at Harvard University and received a Bachelor of Science degree in Microbiology from Purdue University and a Doctor of Philosophy degree in Immunology from the University of Texas, Southwestern Medical Center.

There are no family relationships among any of our directors or executive officers.

Proposal One

Board and Committee Meeting Attendance

Our Board met eight times during our fiscal year ended January 31, 2020 (“fiscal 2020”). No director attended fewer than 75%, in the aggregate, of the total number of meetings of the Board and the total number of committee meetings of which he or she was a member during fiscal 2020. It is our policy to invite and encourage our directors to attend our annual meetings of stockholders and have scheduled our Annual Meeting on the same day as a regularly scheduled Board meeting in order to facilitate their attendance. Last year, all our directors attended our 2019 annual meeting of stockholders. The membership of each standing committee and number of meetings held during fiscal 2020 are identified in the table below.

Name	Audit	Compensation	Governance
Peter P. Gassner			
Timothy C. Barabe	✓		Chair
Mark Carges*		✓	
Paul E. Chamberlain	✓		
Ronald E.F. Codd	Chair	✓	
Mary Lynne Hedley			
Gordon Ritter		Chair	
Paul Sekhri			✓
Matthew J. Wallach			
Number of meetings held during fiscal 2020	8	5	3

* Mr. Carges joined the Compensation Committee in September 2019.

Board Committees

Our Board has established an Audit Committee, a Compensation Committee, and a Nominating and Governance Committee. Our Board and its committees conduct scheduled meetings throughout the year and also hold special meetings and act by written consent from time to time, as appropriate. Our Board has delegated various responsibilities and authority to its committees as generally described below. The committees regularly report on their activities and actions to the full Board. Each member of each committee of our Board qualifies as an independent director in accordance with NYSE listing standards.

Audit Committee

Our Audit Committee assists our Board in its oversight of the quality and integrity of our reported financial statements, our compliance with legal and regulatory requirements, our accounting and financial management processes and the effectiveness of our internal controls over financial reporting, our enterprise risk management and compliance programs, the quality and integrity of the annual audit of our financial statements, and the performance of our internal audit function. Our Audit Committee also discusses the scope and results of the audit with our independent registered public accounting firm, reviews with our management and our independent registered public accounting firm our interim and year-end operating results, and, as appropriate, initiates inquiries into aspects of our financial affairs. Our Audit Committee is responsible for establishing procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters and for the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters. In addition, our Audit Committee has sole and direct responsibility for the appointment, retention, compensation, and oversight of the work of our independent registered public accounting firm, including approving services and fee arrangements. Significant related party transactions will be approved by our Audit Committee before we enter into them, as required by applicable rules and NYSE listing standards.

The members of our Audit Committee are independent, non-employee members of our Board and qualify as independent under Rule 10A-3 of the Securities Exchange Act of 1934 (the “Exchange Act”) and related NYSE listing standards, as determined by our Board. Each member can read and understand

fundamental financial statements. Our Board has determined that all members of our Audit Committee qualify as audit committee financial experts within the meaning of regulations of the Securities and Exchange Commission (the “SEC”) and meet the financial sophistication requirements of the NYSE. The designation does not impose on them any duties, obligations, or liabilities that are greater than are generally imposed on any other member of our Board.

Compensation Committee

The purpose of our Compensation Committee is to discharge the responsibilities of our Board relating to executive compensation policies and programs, including reviewing, evaluating, recommending, and approving executive officer compensation arrangements, plans, policies, and programs. Among other things, specific responsibilities of our Compensation Committee include evaluating the performance of our Chief Executive Officer and determining our Chief Executive Officer’s compensation. The Compensation Committee also determines the compensation of our other executive officers in consultation with our Chief Executive Officer. In addition, our Compensation Committee administers our equity-based compensation plans, including granting equity awards and approving modifications of such awards. Our Compensation Committee also reviews and approves various other compensation policies and matters and has both the authority to engage its own advisors to assist it in carrying out its function and the responsibility to assess the independence of such advisors in accordance with SEC rules and NYSE listing standards. Our Chief Executive Officer, Chief Financial Officer, and General Counsel assist our Compensation Committee in carrying out its functions, although they do not participate in deliberations or decisions with respect to their own compensation.

Our Compensation Committee has delegated to the non-executive equity committee, consisting of our Chief Executive Officer, the authority to approve routine equity award grants to newly hired employees who are not direct reports of our Chief Executive Officer, as well as promotional and refresh equity award grants to employees who are not direct reports of our Chief Executive Officer, all within certain share parameters established and reviewed from time to time by the Compensation Committee.

During fiscal 2020, our Compensation Committee engaged the services of Compensia, Inc., a compensation consulting firm, to advise it regarding the amount and types of compensation that we provide to our executive officers and directors and how our compensation practices compared to the compensation practices of our peer companies. Compensia reports directly to the Compensation Committee. Compensia does not provide any services to us other than the services provided to the Compensation Committee. Our Compensation Committee believes that Compensia does not have any conflicts of interest in advising the Compensation Committee under applicable SEC rules or NYSE listing standards.

The members of our Compensation Committee are “non-employee” directors under Rule 16b-3 of the Exchange Act, “outside directors” under applicable tax rules, and qualify as independent under Rule 10C of the Exchange Act and related NYSE listing standards, as determined by our Board.

Nominating and Governance Committee

The Nominating and Governance Committee oversees the nomination of directors, including, among other things, identifying, considering, and nominating candidates to our Board. Our Nominating and Governance Committee also recommends corporate governance guidelines and policies and advises the Board on corporate governance and Board performance matters, including recommendations regarding the structure and composition of the Board and the Board’s committee. In addition, it oversees the annual evaluation of our Board and individual directors and advises the Board on matters that may involve members of the Board or our executive officers and that may involve a conflict of interest or taking of a corporate opportunity. Our Nominating and Governance Committee also evaluates potential candidates for our Board on an ongoing basis.

Proposal One

The members of our Nominating and Governance Committee are non-employee members of our Board and are independent under the listing standards of the NYSE applicable to Nominating and Governance Committee members.

Compensation Committee Interlocks and Insider Participation

During fiscal 2020, our Compensation Committee consisted of Messrs. Carges, Codd, and Ritter. Mr. Carges joined our Compensation Committee in September 2019. None of our executive officers serves, or served during fiscal 2020, as a member of the board of directors or compensation committee of any other entity that has or has had one or more executive officers serving as a member of our Board or our Compensation Committee.

Director Compensation

The following table sets forth information about the compensation of the non-employee members of our Board who served as a director during fiscal 2020. Other than as set forth in the table and described more fully below, during fiscal 2020, we did not pay any fees to, make any equity awards or non-equity awards to or pay any other compensation to the non-employee member of our Board. Mr. Gassner, our Chief Executive Officer, receives no compensation for his service as a director and, therefore, is not included in the table below.

Name	Fees Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)(3)(4)	Total (\$)
Timothy C. Barabe	50,000	237,385	287,385
Mark Carges	50,000	209,140	259,140
Paul E. Chamberlain	50,000	224,891	274,891
Ronald E.F. Codd	50,000	262,373	312,373
Mary Lynne Hedley (5)	20,833	166,560	187,393
Gordon Ritter	50,000	274,867	324,867
Paul Sekhri	50,000	204,867	254,867
Matthew J. Wallach (6)	4,167	—	4,167

- (1) Represents the annual cash retainers paid to each director.
- (2) Represents the aggregate grant date fair value of RSUs granted to the director during fiscal 2020, computed in accordance with FASB ASC Topic No. 718. See note 13 of the notes to our consolidated financial statements included in our annual report on Form 10-K filed on March 30, 2020 for a discussion of the assumptions made by us in determining the grant date fair values of our equity awards.
- (3) As of January 31, 2020, the above-listed non-employee directors held outstanding options to purchase shares of our Class A common stock as follows: Mr. Barabe — 0; Mr. Carges — 0; Mr. Chamberlain — 0; Mr. Codd — 40,000; Dr. Hedley — 0; Mr. Ritter — 0; Mr. Sekhri — 20,000; and Mr. Wallach — 0. As of January 31, 2020, Mr. Codd also held an outstanding option to purchase 106,250 shares of Class B common stock which represents the unexercised and vested portion of an option granted in March 2012 for 312,500 shares of Class B common stock. As of January 31, 2020, Mr. Wallach held an outstanding, unexercised, and vested option to purchase 100,000 shares of Class B common stock, which was granted on March 10, 2013 under our 2012 Equity Incentive Plan. Our Compensation Committee unanimously amended the original post-termination exercise period from three months post-termination to the earlier of (i) March 8, 2023 or (ii) the date on which the option pursuant to its original term would expire.
- (4) As of January 31, 2020, the above-listed non-employee directors held outstanding RSUs under which the following number of shares of our Class A common stock were issuable upon vesting: Mr. Barabe — 693; Mr. Carges — 627; Mr. Chamberlain — 657; Mr. Codd — 766; Dr. Hedley — 796; Mr. Ritter — 803; Mr. Sekhri — 598; and Mr. Wallach — 0.
- (5) Dr. Hedley joined our Board on August 16, 2019.
- (6) Mr. Wallach joined our Board on January 1, 2020. On March 19, 2020, Mr. Wallach was granted 677 RSUs under our 2013 Equity Incentive Plan.

Non-Employee Director Compensation Plan

Each non-employee member of the Board receives an annual cash retainer of \$50,000, paid in quarterly installments.

Non-employee members of the Board also receive grants of RSUs under our 2013 Equity Incentive Plan on the date of our annual meeting of stockholders. Such annual grants are valued on the date of grant and vest quarterly over one year. On the date of each annual meeting of stockholders, each non-employee director who is serving on the Board as of such date will be issued RSUs valued at \$200,000 of our Class A common stock. In addition, the non-executive chairman or lead independent director will receive an additional issuance of RSUs valued at \$50,000 of our Class A common stock.

Non-employee members of the Audit Committee, Compensation Committee, and Nominating and Governance Committee are granted additional RSUs as follows.

- Audit Committee
 - Members: RSUs valued at \$25,000
 - Chair: RSUs valued at \$50,000
- Compensation Committee
 - Members: RSUs valued at \$12,500
 - Chair: RSUs valued at \$25,000
- Nominating and Governance Committee
 - Members: RSUs valued at \$5,000
 - Chair: RSUs valued at \$12,500

New directors and new committee members will receive cash and equity compensation on a pro-rated basis to coincide with our annual director compensation period, which begins in the month of our annual meeting of stockholders.

We also have a policy of reimbursing directors for their reasonable out-of-pocket expenses incurred in attending Board and committee meetings.

Stock Ownership Guidelines

To further align the interests of our directors and executive officers with those of our stockholders and based on recommendations from our stockholders during our fiscal 2019 engagement, our Board recently adopted stock ownership guidelines. Under these guidelines, each director must own Veeva stock with a value of three times the annual cash retainer for Board service. Our directors are required to achieve these ownership levels within three years of the later of March 19, 2019 (the date our Board adopted stock ownership guidelines) or the date of such director's election or appointment.

The guidelines may be satisfied by ownership of shares of our Class A or Class B common stock or vested and unexercised stock options.

As of the end of the first quarter of fiscal 2020, all of our directors, except for Dr. Hedley who recently joined our Board, were in compliance with these guidelines. Dr. Hedley has until August 16, 2022 to comply with our stock ownership guidelines.

See "Executive Compensation—Compensation Discussion and Analysis—Other Compensation-Related Policies—Stock Ownership Guidelines" for information about the guidelines applicable to our executive officers.

CORPORATE GOVERNANCE

Overview of Our Corporate Governance Program and Recent Actions

The highlights of our corporate governance program are as follows:

- Majority independent Board
- Completely independent committees
- Separate Chairman and CEO positions
- All members of Audit Committee are “financial experts”
- Independent directors meet without management present
- Annual Board evaluation (led by third party)
- Members of management other than executive officers regularly attend and present at Board meetings
- Qualified diverse candidate pool policy in our Corporate Governance Guidelines
- Automatic sunset of our dual-class structure in October 2023
- Code of Conduct applicable to directors and executive officers
- Corporate Citizenship statement posted to our website
- Anti-hedging and pledging policies in our Insider Trading Policy
- Our 10b5-1 trading plan guidelines follow best practices
- Stock ownership guidelines for directors and executive officers
- Change in circumstances with director resignation policy in our Corporate Governance Guidelines
- Annual review of committee charters and corporate governance policies
- Board continuing education program

We regularly review our current corporate governance practices against best practices and peer benchmarks. Over the past several years, we have taken the following steps to improve our corporate governance program:

- In 2019 and early 2020, we continued our stockholder engagement with investors to discuss environmental, social, and governance matters. We also added a female director to our Board in August 2019 when Dr. Mary Lynne Hedley was appointed.
- In March 2019, we reviewed and made changes to our overall compensation program (for both executive officers and employees) with a view toward retention and stockholder alignment (see “Executive Compensation” for more details). We also adopted stock ownership guidelines for directors and executive officers.
- In 2018, the Board adopted a qualified diverse candidate pool policy, which codifies the Board’s effort since 2014 to recruit female candidates for Board membership (see “Considerations in Evaluating Director Nominees and Board Diversity” for more details).
- In 2018, we initiated our first broad-based stockholder engagement program to elicit the views of our investors on corporate governance and executive compensation matters and publicly posted a Corporate Citizenship statement to our website.
- In 2018, we added proxy statement disclosure regarding Board evaluations and the Director Education Policy, which we adopted to assist our directors in staying abreast of developments in corporate governance and other matters relevant to board service (see “Director On-Boarding and Continuing Education” for more details).
- In 2017, we increased the frequency and duration of Nominating and Governance Committee meetings as a commitment to ongoing Board candidate recruitment and improvement of our corporate governance practices.
- In 2017, we significantly enhanced proxy statement readability and presentation by increasing wayfinding language and hyperlinks, adding summary sections, and combining the proxy statement and annual report.

Fiscal 2020 Stockholder Engagement on Corporate Governance Matters

In 2018, we initiated our first broad-based stockholder engagement program to gather direct feedback from stockholders on corporate governance matters. In 2019, we continued this stockholder engagement program. We believe the meetings with our stockholders were informative and productive. The meetings were predominantly focused on board diversity and environmental, social, and governance matters.

We reviewed with our Board the key discussion points from these meetings with the goal of being responsive to stockholder feedback and continuing to improve our corporate governance practices. We plan to continue this practice.

Corporate Governance Policies

Our Board has adopted a Code of Conduct that applies to all of our directors, employees, and officers, including our Chief Executive Officer, Chief Financial Officer, and other executive and senior financial officers. The full text of our Code of Conduct is posted on our website. Each committee of our Board has a written charter approved by our Board. Copies of each charter are also posted on our website. On an annual basis, our Board and its committees review our Corporate Governance Guidelines, the written charters for each of the Board's committees, and our Code of Conduct against best practices and peer benchmarks. We will disclose any future amendments to, or waiver of, our Code of Conduct, on our website.

Director Independence

Our Class A common stock is listed on the NYSE. The listing standards of the NYSE generally require that a majority of the members of a listed company's board of directors be independent. In addition, the listing standards of the NYSE require that, subject to specified exceptions, each member of a listed company's audit, compensation, and nominating and corporate governance committees be independent. Under the listing standards of the NYSE, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Our Board has determined that none of our non-employee directors has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the listing standards of the NYSE. The independent members of our Board and Board committees hold separate executive sessions at every quarterly Board or Board committee meeting where only independent directors are present.

Considerations in Evaluating Director Nominees and Board Diversity

Our Nominating and Governance Committee reviews on at least an annual basis, the composition of the Board, including character, judgment, diversity, independence, expertise, corporate experience, length of service, other commitments, and the like. Our Nominating and Governance Committee considers all aspects of each candidate's qualifications and skills in the context of the needs of Veeva with a view toward creating a Board with a diversity of experience and perspectives, including diversity with respect to race, gender, geography, and areas of expertise. Accordingly, as set forth in our Corporate Governance Guidelines, when evaluating candidates for nomination as new directors, our Nominating and Governance Committee will consider a set of candidates that includes candidates of different genders.

Diversity is important to us, and we have always had diversity within our management team and across the company. Currently, 25% of our executive team, which is comprised of our CEO and his direct reports, are women. We have also had female representation on our Board for much of our history (i.e., from our inception in January 2007 until July 2014). Since that time, while identifying and recruiting director candidates, our CEO and other Board members have targeted and interviewed several qualified female

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candidates. In keeping with our qualified diverse candidate pool policy, our CEO and Board members engaged a number of female candidates simultaneously with the Board's consideration of Mr. Wallach's appointment, which was effective January 1, 2020. In addition, we were pleased to announce that Dr. Mary Lynne Hedley joined our Board in August 2019.

Board Leadership Structure

Pursuant to our Corporate Governance Guidelines, our Board may separate or combine the roles of the Chairman of the Board and CEO when and if it deems it advisable and in our best interests and in the best interests of our stockholders to do so. We currently separate the roles of Chairman and CEO. Our Board is currently chaired by Mr. Ritter. Separating the roles of CEO and Chairman allows our CEO to focus on our day-to-day business while allowing the Chairman to lead our Board in its fundamental role of providing independent advice to, and oversight of, management. Our Board believes that having an independent director serve as Chairman is the appropriate leadership structure for us at this time, and the Board will periodically consider the Board's leadership structure. Mr. Ritter, as our Chairman, presides over separate regularly scheduled executive session meetings at which only independent directors are present. Our Corporate Governance Guidelines are posted on our website.

Board Composition

Our business affairs are managed under the direction of our Board, which is currently composed of nine members. Seven of our directors are independent within the meaning of the NYSE listing standards. Our Board is divided into three classes with staggered three-year terms. At each annual meeting of stockholders, directors in a particular class will be elected for three-year terms at the annual meeting of stockholders in the year in which their terms expire. As a result, only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Each director's term continues until the election and qualification of his or her successor, or the earlier of his or her death, resignation, or removal. The classification of our Board may have the effect of delaying or preventing changes in our control or management.

Communications with the Board

Stockholders and other interested parties wishing to communicate with our Board or with an individual member of our Board may do so by writing to the Board or to the particular member of the Board, care of the Corporate Secretary by mail to our principal executive offices, Attention: Corporate Secretary. The envelope should indicate that it contains a stockholder or interested party communication. All such communications will be forwarded to the director or directors to whom the communications are addressed.

Board and Committee Evaluations

Pursuant to its charter, the Nominating and Governance Committee oversees the self-evaluation of the Board, and since 2015, we have engaged outside counsel to conduct interviews with each director regarding, among other things, Board and Board committee membership, structure, performance, and areas for improvement. These meetings take place during the summer and are reported on during the first cycle of Board meetings in the fall. The purpose of the evaluation is to assess the Board as a whole, and we believe that this process allows Board members to:

- Gain a better understanding of what it means to be an effective Board, including identifying strategies to enhance Board performance;
- Evaluate overall Board composition;
- Assess Board and committee roles and responsibilities;
- Provide anonymous feedback on peers;
- Clarify the expectations that directors have of themselves and of each other;
- Foster effective communications among directors and between the Board and management;

- Identify and discuss areas for potential improvement; and
- Identify Board goals and objectives for the coming year.

Following the interviews, the results are discussed with the Nominating and Governance Committee, the Chairman of the Board, and, where relevant, with management, and presented to and discussed with the full Board during executive session. Where appropriate, further action is taken consistent with these Board discussions.

Board Oversight of Risk

One of the key functions of our Board is informed oversight of our risk management process. Our Board recognizes the importance of effective risk oversight in running a successful business and in fulfilling its fiduciary responsibilities. Our Board is responsible for assuring that an appropriate culture of risk management exists within Veeva, monitoring and assessing strategic risk exposure, and focusing on how we address specific risks, such as cybersecurity and technology risks, brand and reputation risks, strategic and competitive risks, operational risks, financial risks, and legal and compliance risks. Our executive officers are responsible for the day-to-day management of the material risks we face. On a regular basis, our Board administers its oversight function directly as well as through its various standing committees that address the risks inherent in their respective areas of oversight. For example, our Audit Committee is responsible for overseeing the management of risks associated with our financial reporting, accounting, and auditing matters as well as overseeing our internal audit function and our enterprise risk management and compliance programs; our Compensation Committee oversees the management of risks associated with our compensation policies and programs; and our Nominating and Governance Committee oversees the management of risks associated with director independence, conflicts of interest, composition and organization of our Board, and director succession planning.

Board's Role in Human Capital Management

Our Board believes that human capital management is an important component of our continued growth and success. Our Board has regular involvement in talent attraction, retention, and development and succession planning, and the Board provides input on important decisions in each of these areas. The Board has primary responsibility for CEO succession planning and the Compensation Committee monitors management's succession plans for other key executives. The Board believes that the establishment of a strong management team is the best way to prepare for an unanticipated executive departure.

In addition, members of our Board regularly engage with employees at all levels of the organization, including through periodic visits to Veeva's headquarters in Pleasanton, California and attendance at employee and customer events, to gain insight into a broad range of human capital management topics, including corporate culture, diversity, employee development, and compensation and benefits. Our Board and management consider employee feedback in evaluating employee programs and benefits and in monitoring our current practices for potential areas of improvement.

In particular, our Compensation Committee administers and provides oversight of our cash- and equity-based compensation programs and reviews with management our major compensation-related risks, including as they relate to retention of our key executives and employees. Our general compensation philosophy is that we pay at market for a location based on contribution. In order to foster an ownership culture amongst our employees, management, in consultation with our Board and Compensation Committee, established a new equity compensation program for our employees other than our Chief Executive Officer in late fiscal 2019. Our compensation program consists of three primary components: total cash compensation (base salary and, in some cases, variable cash compensation), a "stock bonus" in the form of an annual restricted stock unit ("RSU") grant, and long-term equity incentives

Corporate Governance

in the form of annual grants of stock options. We believe that this combination of cash compensation, RSUs, and stock options attract, fairly compensate, appropriately incentivize, and retain our employees in a manner that closely aligns their long-term interests with those of our stockholders.

Director On-Boarding and Continuing Education

Upon joining our Board, directors are provided with an orientation about us, which includes introductions to members of our senior management and information about our operations, performance, strategic plans, and corporate governance practices.

Our Board believes that our stockholders are best served by a Board comprised of individuals who are up to date on corporate governance and other matters relevant to board service. To encourage those efforts, our Board has adopted a Director Education Policy that encourages all directors to pursue ongoing education and development on topics that they deem relevant given their individual backgrounds and committee assignments on our Board. Our directors are encouraged and provided with opportunities to attend educational sessions on subjects that would assist them in discharging their duties. Pursuant to the Director Education Policy, we will reimburse directors up to \$12,000 each fiscal year to pursue education and development. In addition and in order to facilitate ongoing education, our management provides to our directors on a periodic basis pertinent articles and information relating to our business, our competitors, and corporate governance and regulatory issues.

Stockholder Recommendations for Nominations to the Board

Our Nominating and Governance Committee has adopted Policies and Procedures for Director Candidates. Stockholder recommendations for candidates to our Board must be received by December 31st of the year prior to the year in which the recommended candidates will be considered for nomination must be directed in writing to our principal executive offices, Attention: Corporate Secretary; and must include the candidate's name, home and business contact information, detailed biographical data and qualifications, information regarding any relationships between us and the candidate within the last three years, and evidence of the recommending person's ownership of our capital stock. Such recommendations must also include a statement from the recommending stockholder in support of the candidate, particularly within the context of the criteria for membership on the Board, including issues of character, judgment, diversity, age, independence, expertise, corporate experience, other commitments and the like, personal references, and an indication of the candidate's willingness to serve.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires that our executive officers and directors and persons who own more than 10% of our common stock, file reports of ownership and changes of ownership with the SEC. Such directors, executive officers, and 10% stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

SEC regulations require us to identify in this Proxy Statement anyone who filed a required report late during the most recent fiscal year. Based on our review of forms we received, or written representations from reporting persons, we believe that during fiscal 2020, all Section 16(a) filing requirements were satisfied on a timely basis except that one Form 4, which reported one transaction, was delinquent filed on behalf of Dr. Hedley.

Certain Relationships and Related Party Transactions

In addition to the compensation arrangements with our directors and executive officers described elsewhere in this Proxy Statement, the following is a description of each transaction since February 1, 2019 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeds or will exceed \$120,000; and
- any of our directors, executive officers, or holders of more than 5% of our capital stock, or any immediate family member of or person sharing the household with any of these individuals (other than tenants or employees), had or will have a direct or indirect material interest.

Employment Arrangements with Immediate Family Members of Our Executive Officers and Directors

Theodore Wallach, a brother of Matthew J. Wallach, a former executive officer and current director, has been employed by us since September 2010. Theodore Wallach serves as a senior product manager. During fiscal 2020, Theodore Wallach had total cash and other compensation of \$302,661, \$137,220 of which represents the aggregate grant date fair value of RSUs and options calculated in accordance with FASB ASC Topic No. 718.

Lisa Halsey, a sister-in-law of Timothy S. Cabral, our Chief Financial Officer, has been employed by us since August 2015. Ms. Halsey serves as a director on our employee success team. During fiscal 2020, Ms. Halsey had total cash and other compensation of \$176,938, \$32,771 of which represents the aggregate grant date fair value of RSUs and options calculated in accordance with FASB ASC Topic No. 718.

The compensation level for each of Theodore Wallach and Ms. Halsey was comparable to the compensation paid to employees in similar positions that were not related to our executive officers. They also were eligible for equity awards on the same general terms and conditions as other employees in similar positions who were not related to our executive officers.

Indemnification Agreements

We have entered into indemnification agreements with our directors, executive officers, and other key employees. The indemnification agreements provide that we indemnify each of our directors, executive officers, and key employees to the fullest extent permitted by Delaware law, our Certificate, and our Bylaws against expenses incurred by that person because of his or her status as one of our directors, executive officers, or key employees. In addition, the indemnification agreements provide that, to the fullest extent permitted by Delaware law, we will advance all expenses incurred by our directors, executive officers, and other key employees in connection with a legal proceeding.

Policies and Procedures for Related Party Transactions

Pursuant to our Code of Conduct and Audit Committee charter, any related party transaction or series of transactions with an executive officer, director, or any of such person's immediate family members or affiliates, in which the amount, either individually or in the aggregate, involved exceeds \$120,000 must be presented to our Audit Committee for review, consideration, and approval. All of our directors and executive officers are required to report to our Audit Committee any such related party transaction. In approving or rejecting the proposed transactions, our Audit Committee shall consider the relevant facts and circumstances available and deemed relevant to the Audit Committee, including, but not limited to the risks, costs, and benefits to us, the terms of the transaction, the availability of other sources for comparable services or products and, if applicable, the impact on a director's independence. Our Audit Committee shall approve only those transactions that, in light of known circumstances, are not inconsistent with Veeva's best interests, as our Audit Committee determines in the good faith exercise of its discretion.

EXECUTIVE OFFICERS

The following table provides information concerning our executive officers as of May 12, 2020.

Name	Age	Position(s)
Peter P. Gassner	55	Chief Executive Officer and Director
Thomas D. Schwenger	52	President and Chief Operating Officer
Timothy S. Cabral	52	Chief Financial Officer
E. Nitsa Zuppas	50	Chief Marketing Officer
Alan V. Mateo	58	Executive Vice President, Global Sales
Jonathan "Josh" W. Faddis	48	Senior Vice President, General Counsel and Corporate Secretary
Frederic Lequient	51	Senior Vice President, Global Customer Services

Peter P. Gassner. See biographical information set forth under "Proposal One — Directors Whose Terms Expire at the 2022 Annual Meeting (Class III)."

Thomas D. Schwenger has served as our President and Chief Operating Officer since September 2019. Prior to joining Veeva, Mr. Schwenger served in various roles at Accenture plc, a global management consulting and professional services firm (previously Andersen Consulting and Arthur Andersen & Co.), where he had served since 1989. At Accenture, Mr. Schwenger served most recently as Senior Managing Director, Northeast U.S. Products Industries Client Service Group Lead since 2016 and previously as Senior Managing Director, North America Life Sciences Client Service Group Lead since 2014. Mr. Schwenger earned a Bachelor of Science degree in Quantitative Business Analysis from Penn State University.

Timothy S. Cabral has served as our Chief Financial Officer since February 2010. Prior to joining Veeva, Mr. Cabral served as Chief Financial Officer and Chief Operations Officer for Modus Group, LLC, a wireless solutions and services company, from February 2008 to February 2010 and served as Chief Financial Officer and Vice President of Operations for Agistics, Inc., an employee management services company, from March 2005 to June 2007. Mr. Cabral previously spent more than seven years at PeopleSoft, beginning in November 1997, where he held various positions, including Vice President of Products & Technology Finance and Senior Director of Corporate FP&A. Since December 2019, Mr. Cabral has served on the board of directors of ServiceTitan, a private cloud-based home services company. Mr. Cabral served on the board of directors of Apttus Corporation, a private software provider, from October 2017 to October 2018, when it was acquired by Thomas Bravo. Mr. Cabral earned a Bachelor of Science degree in Finance from Santa Clara University and a Master of Business Administration from the Leavey School of Business at Santa Clara University. On August 26, 2019, Mr. Cabral informed our Board of his intention to retire from his role as Chief Financial Officer after a successor is appointed by our Board and has transitioned into the role. Mr. Cabral will continue to serve as our Chief Financial Officer until that time.

E. Nitsa Zuppas has served as our Chief Marketing Officer since March 2013. Prior to joining Veeva, Ms. Zuppas served as Chief Marketing Officer for First Virtual Group, a diversified holding company with global interests in real estate, agribusiness, philanthropy, and global financial asset management, and Executive Director of the Siebel Foundation from February 2006 to March 2013. From March 1998 to January 2006, Ms. Zuppas served in a number of executive roles at Siebel Systems, including Director, Product Marketing, Senior Director, Investor Relations, General Manager, Siebel Retail, and Vice President, Marketing. Ms. Zuppas earned a Bachelor of Arts degree in Art History from California State University.

Alan V. Mateo has served as our Executive Vice President, Global Sales since April 2015. Prior to joining Veeva, Mr. Mateo served in various executive roles at Medidata Solutions, Inc., a provider of a platform of cloud-based solutions for life sciences, from March 2005 to February 2015, including as Executive Vice President of Field Operations from January 2014 to February 2015. Before Medidata, Mr. Mateo spent 11 years at PeopleSoft, where his responsibilities included product lines sales, sales operations and the integration of JD Edwards into PeopleSoft's global sales organization. Prior to PeopleSoft, Mr. Mateo was

Executive Officers

northeast sales director for Red Pepper Software Co., a provider of supply chain management planning application software, and a major account executive at JD Edwards. Mr. Mateo earned a Bachelor of Science in both Computer Science and Marketing from Juniata College.

Josh Faddis has served as our Senior Vice President since April 2016 and General Counsel since September 2012. Mr. Faddis has also served as our Corporate Secretary since May 2013. Prior to joining Veeva, Mr. Faddis served in various roles at Taleo Corporation, a software-as-a-service provider of human capital management solutions, beginning in June 2001 through April 2012, including Senior Vice President, General Counsel, and Corporate Secretary. Prior to joining Taleo, Mr. Faddis conducted intellectual property and business litigation at Fulbright & Jaworski LLP and served as a Judicial Clerk for the Honorable Justice Craig Enoch, Supreme Court of the State of Texas. Mr. Faddis earned a Bachelor of Science in Agricultural Economics from Texas A&M University, magna cum laude, and a Juris Doctor degree from the Georgetown University Law Center.

Frederic Lequent has served as our Senior Vice President, Global Customer Services since February 2016. Prior to joining Veeva, Mr. Lequent served as Vice President, Customer Success at PubMatic, Inc., digital advertising technology company, from April 2015 to December 2015. From April 2014 to January 2015, Mr. Lequent served as Senior Vice President, Customer Success at FollowAnalytics, Inc., a provider of a mobile marketing automation and engagement platform. From April 2012 to April 2014, Mr. Lequent served as Group Vice President, Consulting at Oracle Corporation, an enterprise software company. From September 1999 to April 2012, Mr. Lequent served in various roles at Taleo, including as Vice President, Field Solutions and Business Development. Mr. Lequent earned a Bachelor of Engineering in Industrial Engineering from Université de Montréal - Ecole polytechnique de Montréal.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of March 31, 2020 for:

- each of our named executive officers;
- each of our directors;
- all of our executive officers and directors as a group; and
- each stockholder known by us to be the beneficial owner of more than 5% of our outstanding shares of Class A common stock or Class B common stock.

We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of Class A common stock or Class B common stock that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership is based on 134,460,594 shares of Class A common stock and 15,190,308 shares of Class B common stock outstanding at March 31, 2020. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed to be outstanding all shares of common stock subject to options and RSUs held by that person or entity that are currently exercisable or releasable or that will become exercisable or releasable within 60 days of March 31, 2020. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Veeva Systems Inc., 4280 Hacienda Drive, Pleasanton, California 94588.

Name of Beneficial Owner	Shares Beneficially Owned				% Total Voting Power (1)
	Class A		Class B		
	Share	%	Share	%	
Named Executive Officers and Directors:					
Timothy C. Barabe	9,659	*	—	—	*
Timothy S. Cabral (2)	8,305	*	340,494	2.2	1.2
Mark Carges	5,769	*	—	—	*
Paul E. Chamberlain	14,809	*	—	—	*
Ronald E.F. Codd (3)	54,044	*	196,900	1.3	*
Peter P. Gassner (4)	141,933	*	16,541,666	89.3	51.8
Mary Lynne Hedley (5)	1,022	*	—	—	*
Alan V. Mateo (6)	174,971	*	—	—	*
Gordon Ritter (7)	635,282	*	1,000,000	6.6	3.7
Thomas D. Schwenger (8)	3,980	*	—	—	*
Paul Sekhri (9)	30,295	*	—	—	*
Matthew J. Wallach (10)	338	*	480,002	3.1	1.7
E. Nitsa Zuppas (11)	15,955	*	2,000	*	*
All Executive Officers and Directors as a Group (15 persons) (12)	1,143,412	*	18,571,233	98.7	57.9
5% Stockholders:					
The Vanguard Group (13)	12,822,885	9.5	—	—	*
Morgan Stanley (14)	9,091,108	6.8	—	—	2.8
BlackRock, Inc. (15)	7,804,869	5.8	—	—	2.3

* Less than 1 percent.

- (1) Percentage of total voting power represents voting power with respect to all shares of our Class A and Class B common stock, as a single class. Holders of our Class B common stock are entitled to ten votes per share, and holders of our Class A common stock are entitled to one vote per share. Each share of Class B common stock is convertible, at any time at the option of the holder, into one share of Class A common stock.

Security Ownership of Certain Beneficial Owners and Management

- (2) Includes (i) 1,880 shares of Class A common stock held by Mr. Cabral, (ii) 5,250 shares of Class A common stock issuable to Mr. Cabral pursuant to options exercisable within 60 days of March 31, 2020, (iii) 1,175 shares of Class A common stock issuable to Mr. Cabral pursuant to RSUs vesting within 60 days of March 31, 2020, (iv) 66,060 shares of Class B common stock issuable to Mr. Cabral pursuant to an option exercisable within 60 days of March 31, 2020, and (v) 274,434 shares of Class B common stock held by The Cabral Family Trust dated April 17, 2001.
- (3) Includes (i) 14,044 shares of Class A common stock held by Mr. Codd, (ii) 40,000 shares of Class A common stock issuable to Mr. Codd pursuant to options exercisable within 60 days of March 31, 2020, (iii) 90,650 shares of Class B common stock held by the Codd Revocable Trust dated March 6, 1998, and (iv) 106,250 shares of Class B common stock issuable to Mr. Codd pursuant to an option exercisable within 60 days of March 31, 2020.
- (4) Includes (i) 141,933 shares of Class A common stock issuable to Mr. Gassner pursuant to options exercisable within 60 days of March 31, 2020, (ii) 10,000,000 shares of Class B common stock held by Mr. Gassner, (iii) 3,208,333 shares of Class B common stock held by Peter Gassner and Piyajit Gassner as Community Property, and (iv) 3,333,333 shares of Class B common stock issuable to Mr. Gassner pursuant to an option exercisable within 60 days of March 31, 2020.
- (5) Includes (i) 681 shares of Class A common stock held by Dr. Hedley and (ii) 341 shares of Class A common stock issuable to Dr. Hedley pursuant to RSUs vesting within 60 days of March 31, 2020.
- (6) Includes (i) 13,920 shares of Class A common stock held by Mr. Mateo, (ii) 159,301 shares of Class A common stock issuable to Mr. Mateo pursuant to options exercisable within 60 days of March 31, 2020, and (iii) 1,750 shares of Class A common stock issuable to Mr. Mateo pursuant to RSUs vesting within 60 days of March 31, 2020.
- (7) Includes (i) 803 shares of Class A common stock held by Mr. Ritter, (ii) 634,479 shares of Class A common stock held by the Ritter-Metzler Revocable Trust dated November 6, 2000, and (iii) 1,000,000 shares of Class B common stock held by Emergence Capital Partners II, L.P. (ECP II). Mr. Ritter, a member of our Board, is a member of Emergence GP Partners, LLC (EGP) and has shared voting and dispositive power with regard to the shares directly held by ECP II. EGP is the sole general partner of Emergence Equity Partners II, L.P., which is the sole general partner of ECP II. Mr. Ritter disclaims beneficial ownership of the securities except to the extent of his pecuniary interest therein.
- (8) Includes (i) 1,646 shares of Class A common stock held by Mr. Schwenger and (ii) 2,334 shares of Class A common stock issuable to Mr. Schwenger pursuant to RSUs vesting within 60 days of March 31, 2020.
- (9) Includes (i) 10,295 shares of Class A common stock held by Mr. Sekhri and (ii) 20,000 shares of Class A common stock issuable to Mr. Sekhri pursuant to an option exercisable within 60 days of March 31, 2020.
- (10) Includes (i) 338 shares of Class A common stock issuable to Mr. Wallach pursuant to RSUs vesting within 60 days of March 31, 2020, (ii) 130,000 shares of Class B common stock held by Mr. Wallach, (iii) 100,000 shares of Class B common stock held by the Matt Wallach 2012 Irrevocable Trust, (iv) 100,002 shares of Class B common stock held by the Matt Wallach 2013 Irrevocable Trust, (v) 50,000 shares of Class B common stock held by the Matt Wallach 2012 Non-Grantor Trust, and (vi) 100,000 shares of Class B common stock issuable to Mr. Wallach pursuant to options exercisable within 60 days of March 31, 2020.
- (11) Includes (i) 10,030 shares of Class A common stock held by Ms. Zuppas, (ii) 5,250 shares of Class A common stock issuable to Ms. Zuppas pursuant options exercisable within 60 days of March 31, 2020, (iii) 675 shares of Class A common stock issuable to Ms. Zuppas pursuant to RSUs vesting within 60 days of March 31, 2020, and (iv) 2,000 shares of Class B common stock issuable to Ms. Zuppas pursuant to an option exercisable within 60 days of March 31, 2020.
- (12) Includes the following amounts held by all our executive officers and directors, as a group: (i) 718,815 shares of Class A common stock, (ii) 416,734 shares of Class A common stock issuable pursuant to options exercisable within 60 days of March 31, 2020, (iii) 7,863 shares of Class A common stock issuable pursuant to RSUs vesting within 60 days of March 31, 2020, (iv) 14,953,419 shares of Class B common stock, and (v) 3,617,814 shares of Class B common stock issuable pursuant to options exercisable within 60 days of March 31, 2020.
- (13) Based solely on information reported on a Schedule 13G/A filed with the SEC on February 10, 2020, The Vanguard Group has sole voting power over 105,559 shares of Class A common stock, shared voting power over 36,827 shares of Class A common stock, sole dispositive power over 12,694,458 shares of Class A common stock, and shared dispositive power over 128,427 shares of Class A common stock. The subsidiaries included in the report were as follows: Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd. The address of The Vanguard Group is 100 Vanguard Blvd., Malvern, Pennsylvania 19355.
- (14) Based solely on information reported on a Schedule 13G/A filed with the SEC on February 13, 2020, Morgan Stanley has shared voting power over 7,901,104 shares of Class A common stock and shared dispositive power over 9,091,108 shares of Class A common stock. An additional person identified in the report was Morgan Stanley Investment Management Inc. The address of the reporting persons is 1585 Broadway, New York, New York 10036.
- (15) Based solely on information reported on a Schedule 13G/A filed with the SEC on February 5, 2020, BlackRock, Inc. has sole voting power over 6,578,717 shares of Class A common stock and sole dispositive power over 7,804,869 shares of Class A common stock. The address of the reporting person is 55 East 52nd Street, New York, New York 10055.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis explains our compensation philosophy, policies, and practices for the following individuals, who are our “named executive officers” or “NEOs” for fiscal 2020.

Name	Position
Peter P. Gassner	Chief Executive Officer
Timothy S. Cabral	Chief Financial Officer
Alan V. Mateo	Executive Vice President, Global Sales
Thomas D. Schwenger	President and Chief Operating Officer
E. Nitsa Zuppas	Chief Marketing Officer

More detailed information about the compensation provided to our NEOs is set forth in the Summary Compensation Table and other tables that follow this section, including the accompanying footnotes and narratives relating to those tables.

Executive Summary

As discussed in the proxy statement for our 2019 annual meeting, in March 2019, our Compensation Committee conducted its annual executive compensation review and approved changes to the compensation program for executive officers other than our chief executive officer (“CEO”) that impacted their compensation for fiscal 2020 and beyond. Our Compensation Committee considered, among other factors, performance of each executive officer and their contribution to the success of the business, pay levels of our executive officers relative to peers and the overall competitive market, results of the 2018 advisory say-on-pay vote, and stockholder feedback on compensation and governance matters. The Compensation Committee ultimately determined to transition from the program developed at the time of our initial public offering (“IPO”) to a new program that went into effect during our fiscal 2020, which we believe is appropriate for our company’s current stage of maturity.

As further detailed in the table below, three primary components make up our new executive compensation program: base salary, short-term equity incentives (a “stock bonus”) in the form of an annual restricted stock unit (“RSU”) grant, and long-term equity incentives in the form of annual grants of stock options.

Compensation Element	Description	Purpose
Base Salary	<ul style="list-style-type: none"> All executive officers continued to make the same base salary of \$325,000 	<ul style="list-style-type: none"> Compensate for services rendered on a day-to-day basis and to provide sufficient fixed cash compensation to allow executive officers to fund their personal and household expenses
“Stock Bonus”	<ul style="list-style-type: none"> A short-term incentive program (a “stock bonus”) utilizing RSUs rather than cash Stock bonuses are designed to ensure that, when aggregated with previously granted RSUs, the executive officer will have RSUs vesting during each fiscal year that achieve a value based on a percentage of base salary Target stock bonuses ranged from 150% to 300% of base salary, with the specific percentage determined with respect to the executive officer’s role within the company and an amount based on the trailing three-month average of the market price of our Class A common stock To achieve the desired target stock bonus level, executive officers will receive a new RSU grant each year that will vest quarterly over a one-year period We expect there will be a transition period of two years (through fiscal 2021) until all executive officers are fully under this annual stock bonus program 	<ul style="list-style-type: none"> Rewards annual performance Drives company-wide and individual performance Effective retention tool because unvested awards are forfeited Allows a holder, whose cash needs may, at a given time, exceed our cash compensation, to monetize their stock holdings to meet those needs, while still aligning their interests with those of our stockholders

Executive Compensation

Compensation Element	Description	Purpose
Long-Term Equity Incentives	<ul style="list-style-type: none"> Annual award of stock options for Class A common stock based on an “option factor” multiplier applied to the number of RSUs granted as the stock bonus in the same year (i.e., number of RSUs granted for annual stock bonus X option factor = number of stock options) Option factors ranged from 4.0 to 6.0 depending on executive officer’s role Stock options will be granted annually and will vest annually over four years We expect that there will be a transition period of two years through fiscal 2021) until all executive officers are fully under this new annual stock option program 	<ul style="list-style-type: none"> Inherently performance-based because the holder benefits only if our stock price increases following the grant date, aligning the option holder’s interest closely with those of our stockholders Emphasizes an ownership culture and rewards our executives for growing our business Encourages executive officers to achieve multi-year strategic objectives Effective retention tool because unvested awards are forfeited

Consistent with the program described above, in fiscal 2020, all of our NEOs were paid identical annual base salaries, none received short-term cash incentive bonuses, and all of our NEOs received new equity awards in fiscal 2020.

Our Board and Compensation Committee believe this new program is effective at incentivizing and retaining our senior executives and closely aligning the interests of our senior management team with those of our stockholders.

A program to compensate, retain, and incentivize our CEO through our fiscal year ending January 31, 2025 was put in place by our Compensation Committee in 2018, comprised largely of stock options vesting from March 2020 to February 2025. That program is detailed below under “Principal Elements of Compensation—Equity Awards—CEO Equity Compensation” and has not changed.

Executive Compensation Philosophy, Objectives, and Components

We operate in the software and technology industry and face a highly competitive environment for top-level executive talent. To accomplish our business and growth objectives, we must be able to attract and retain talented executives whose skills and experience enable them to contribute to our long-term success. To that end, the principal objectives and philosophy of our executive compensation programs are to attract, fairly compensate, appropriately incentivize, and retain our executives in a manner that aligns their long-term interests with those of our stockholders. In fiscal 2020, the primary components of the compensation program for our NEOs, other than our CEO, were base salary, a stock bonus in the form of an annual RSU grant, and long-term equity incentives in the form of annual grants of stock options.

Role of Compensation Committee, Management, and Compensation Consultant

Role of Compensation Committee. Our Board established a Compensation Committee to discharge its responsibilities relating to our executive compensation policies and programs. Our Compensation Committee evaluates the performance of our CEO and determines his compensation. The Compensation Committee also determines the compensation of our other executive officers in consultation with our CEO. In making its decisions, our Compensation Committee considers such matters as its members deem appropriate, including our financial and operating performance, the performance of our Class A common stock, factors specific to individual executives such as their individual achievements and retention concerns, our operational goals, the comparative compensation data described below, the results of our most recent say-on-pay advisory vote, and stockholder feedback on compensation and governance matters. From time to time, our Board approves equity grants to our executive officers upon the recommendation of the Compensation Committee, although our Compensation Committee is also

Executive Compensation

authorized to approve such grants. Our Compensation Committee has delegated authority to our CEO to make certain routine equity award grants. For additional information on the Compensation Committee, see “Board Committees—Compensation Committee” elsewhere in this Proxy Statement.

Role of Management. Members of management, including our CEO, Chief Financial Officer, and General Counsel, work with our Compensation Committee and often attend the Compensation Committee meetings. Members of management also make presentations to our Compensation Committee regarding our historical equity grants and the adequacy of the remaining equity pool to achieve retention objectives. These materials are also made available to our Board. Although our CEO participates in the discussion and decisions relating to the compensation of our other executive officers, he is not present during deliberations or voting with respect to his own compensation.

Role of Compensation Consultant. Our Compensation Committee has the authority to engage its own advisors to assist it in performing its duties, and we pay the fees charged by such advisors. For fiscal 2020, our Compensation Committee again engaged Compensia to assist it in its decision-making process by providing information on competitive market compensation practices, identifying a peer group against which to compare our compensation programs, providing information including market data on our outside director compensation program, and supplying such other information and recommendations as the Compensation Committee may from time to time request.

Peer Group and Competitive Data

With respect to fiscal 2020 compensation for our NEOs, our Compensation Committee considered data supplied by Compensia on the compensation of executives at the peer companies listed below as well as Compensia proprietary benchmark data for comparable roles at similarly situated companies. Our Compensation Committee believes it is useful to review this comparative data when evaluating our executive compensation programs and making compensation decisions for our NEOs. While it uses this data as a reference point, the Compensation Committee does not feel it necessary to mirror the compensation provided by these other companies or to target any specific percentile or range of percentiles for cash, incentive, equity, or total compensation for our executive officers relative to these peer companies.

Compensia evaluates and recommends a peer group annually for executive compensation benchmarking. Compensia re-evaluated our peer group for fiscal 2020 and recommended (i) removing Commvault Systems, Cornerstone OnDemand, and Medidata Solutions and (ii) adding five additional companies to our group: Dropbox, Inc., Fortinet, Inc., Paycom Software, Inc., SS&C Technologies Holdings Inc., and Zendesk, Inc. The peer group consisted of publicly traded software and software services companies that generally had revenues between approximately \$500 million and \$3.7 billion, generally experienced high year-over-year revenue growth, and/or had a market capitalization between \$4.8 billion and \$41.5 billion. Our Compensation Committee considered the peer group’s compensation practices data for compensation decisions during and with respect to fiscal 2020. The peer group consisted of the following companies, which our Compensation Committee determined are appropriate:

ANSYS	Aspen Technology	athenahealth	Blackbaud
Dropbox	Fortinet	Guidewire Software	LogMeIn
Palo Alto Networks	Paycom Software	ServiceNow	Splunk
SS&C Technologies Holdings	Tableau Software*	Tyler Technologies	Ultimate Software Group
Workday	Zendesk		

* salesforce.com, inc. acquired Tableau Software, Inc. on August 1, 2019.

Principal Elements of Compensation

The compensation of our NEOs for fiscal 2020 consisted of (i) base salary, (ii) with respect to certain NEOs, new equity awards granted during fiscal 2020, and (iii) continued vesting during the course of the year of stock options and, with respect to certain NEOs, RSUs that had been granted in prior fiscal years. The mix and amount of compensation elements has been and will continue to be within the discretion and business judgment of our Compensation Committee.

Our Compensation Committee has structured these compensation programs to attract and retain senior executives, provide competitive levels of more liquid and less volatile compensation through base salary and RSUs, continue to foster an ownership mentality and alignment with the long-term interests of stockholders through the use of RSUs and stock options, and encourage the achievement of key operational goals.

Base Salary. We provide base salaries to our executive officers to compensate them for services rendered on a day-to-day basis and to provide sufficient fixed cash compensation to allow them to fund their personal and household expenses while remaining focused on their responsibilities to Veeva.

Since our IPO, Veeva has maintained a largely flat annual base salary structure for our executive officers. During fiscal 2020, the Compensation Committee maintained the annual base salary of all of our NEOs at \$325,000. Base salaries paid to our NEOs for fiscal 2020 are reflected in the Summary Compensation Table below. For fiscal 2021, the Compensation Committee increased the annual base salary for all of our NEOs to \$350,000.

Annual Cash Incentive Bonuses. We have generally not offered a short-term cash incentive bonus program to our NEOs since our IPO, and our Compensation Committee again determined for fiscal 2020 not to offer such a program. Rather, our Board and Compensation Committee continue to believe that our reliance on equity compensation adequately facilitates the achievement of corporate operational goals and aligns each NEO with stockholder interest. Accordingly, none of our NEOs were paid a cash incentive bonus for fiscal 2020.

Equity Awards. Equity compensation awards remain an important part of our executive compensation program. We have granted stock options and RSUs from time to time to our employees, including our executive officers, under our stock plans. Our Compensation Committee believes that stock options are inherently performance-based because the holder benefits only if our stock price increases following the grant date, aligning the option holder's interest closely with those of our stockholders. Our Compensation Committee believes that RSUs are also an important component of a competitive compensation program. RSUs supplement our cash compensation and allow a holder, whose cash needs may, at a given time, exceed our cash compensation, to monetize their stock holdings to meet those needs, while still aligning their interests with those of our stockholders. We believe that the combination of stock options and RSUs in our equity compensation program have effectively emphasized an ownership culture and rewarded our executive officers for growing our business.

Under our new executive compensation program, applicable to all executive officers except for our CEO, we will grant a "stock bonus," or short-term equity incentive in the form of an annual RSU grant, and long-term equity incentives in the form of stock options. We expect there will be a transition period through fiscal 2021 until all executive officers, with the exception of our CEO, are fully under this new program. As discussed below, Mr. Schwenger received equity compensation in connection with his appointment in fiscal 2020.

Stock Bonus Grants. The structure and purpose of our stock bonus program is described in the Executive Summary above. In fiscal 2020, based on the methodology described in the Executive Summary above, Ms. Zuppas and Mr. Cabral received a stock bonus grant of 2,700 and 4,700 RSUs, respectively, that vest quarterly over a one-year period. Mr. Mateo did not receive a stock bonus grant because of significant compensation value from RSUs granted to him in prior fiscal years.

Executive Compensation

Stock Option Grants. The structure and purpose of our stock option program is described in the Executive Summary above. In fiscal 2020, based on the methodology described in the Executive Summary above, Ms. Zuppas and Messrs. Cabral and Mateo received a stock option grant to purchase 21,000, 21,000, and 37,200 shares of our Class A common stock, respectively. These stock option grants vest annually over a four-year period and have an exercise price equal to \$135.49, the closing market price on the date of grant.

President and Chief Operating Officer Equity Compensation. Mr. Schwenger joined us as our president and chief operating officer during fiscal 2020. In connection with his appointment, he received the following equity compensation: (i) an RSU grant of 14,000 shares that will vest at a rate of 1/6th of the shares every three months, (ii) an RSU grant of 10,000 shares that will vest at a rate of 1/4th of the shares per year, and (iii) a stock option grant of 70,000 shares that will vest at a rate of 1/4th of the shares per year with an exercise price equal to \$154.00, the closing market price on the date of grant.

CEO Equity Compensation. With respect to our CEO, Mr. Gassner, our Compensation Committee has purposefully placed strong emphasis on long-term incentive compensation in the form of stock options to effectively align his long-term interests with those of our stockholders.

On January 10, 2018, upon the recommendation of our Compensation Committee, our Board approved a grant to Mr. Gassner of options to purchase an aggregate of 2,838,635 shares of our Class A common stock (the “CEO Options”) with an exercise price above the closing market price on the grant date. The CEO Options were the first equity compensation Mr. Gassner had received since March 2013, several months prior to completing our IPO. The CEO Options have an exercise price of \$60.00 per share, which approximated the 60-day average of closing market prices around our all-time high closing market price prior to January 10, 2018.

The table below summarizes the service-based vesting schedule and stock price target conditions upon which Mr. Gassner’s CEO Options vest and become exercisable:

Number of Shares	Service-Based Vesting Condition	Stock Price Target Vesting Condition	First Date Exercisable	Expiration Date
2,128,975	Continued service as CEO through February 1, 2025, with vesting in monthly increments beginning February 1, 2020	N/A	First monthly increment (1/60 th of total) will become vested and exercisable on March 1, 2020, with additional monthly increments becoming exercisable thereafter through February 1, 2025	January 9, 2028
177,415	Same as above	\$ 90.00	Same as above, but only if the applicable Stock Price Target has previously been achieved	January 9, 2028
177,415	Same as above	\$ 100.00	Same as above, but only if the applicable Stock Price Target has previously been achieved	January 9, 2028
177,415	Same as above	\$ 110.00	Same as above, but only if the applicable Stock Price Target has previously been achieved	January 9, 2028
177,415	Same as above	\$ 120.00	Same as above, but only if the applicable Stock Price Target has previously been achieved	January 9, 2028

To achieve each of the above Stock Price Target Vesting Conditions, Veeva’s Class A common stock had to sustain the specified Stock Price Target for at least 60 consecutive trading days. Each Stock Price Target Vesting Condition has now been satisfied. Consistent with Mr. Gassner’s pre-IPO grant, the CEO Options are not subject to any contractual vesting acceleration provisions. Moreover, the CEO Options reflect the continuation of a five-year long-term incentive compensation cycle for Mr. Gassner and did not begin vesting (based upon the service-based vesting conditions) until Mr. Gassner’s pre-IPO grant stock options completed vesting at the end of our fiscal year ending January 31, 2020.

Executive Compensation

Consistent with its long-term-focused approach to CEO compensation, our Board intends that the CEO Options will be the only long-term incentive awards that it grants Mr. Gassner until at least 2023. Accordingly, the Board has not granted any additional equity awards to Mr. Gassner to date. Our Board and Compensation Committee believe that, at our company's current stage of maturity, it continues to be appropriate to evaluate grants to Mr. Gassner on a five-year cadence.

Perquisites, Retirement, and Other Benefits. We generally do not provide perquisites or other benefits to our executive officers other than those available to employees generally. We have established a 401(k) tax-deferred savings plan, which permits participants, including our executive officers, to make contributions up to applicable annual statutory limits by salary deduction pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"). We are responsible for administrative costs of the 401(k) plan. We match 100% of eligible contributions by our employees, including our executive officers, up to \$2,000 per year. Such matching contributions are immediately and fully vested.

Severance and Change in Control Benefits. None of our NEOs are currently eligible for any severance or change in control-related benefits.

Other Compensation Information and Policies

Stock Ownership Guidelines

To further align the interests of our directors and executive officers with those of our stockholders and based on recommendations from our stockholders during our fiscal 2019 engagement, our Board adopted stock ownership guidelines. Under these guidelines, all of our executive officers are required to achieve certain stock ownership levels within three years of the later of March 19, 2019 (the date our Board adopted stock ownership guidelines) or the date of such executive officer's hire or appointment to a position with a higher ownership requirement. The guidelines require ownership as follows:

- CEO: Value equal to three times his or her annual base salary
- Other executive officers: Value equal to his or her annual base salary

The guidelines may be satisfied by ownership of shares of our Class A or Class B common stock or vested and unexercised stock options. As of the end of the first quarter of fiscal 2021, all of our executive officers are in compliance with the guidelines.

See "Proposal One—Stock Ownership Guidelines" for information about the guidelines applicable to our directors.

Executive Officer Recoupment Policy

We have not adopted a policy on whether we will make retroactive adjustments to any cash or equity-based incentive compensation paid to our NEOs (or others) where the payment was predicated upon the achievement of financial results that were subsequently the subject of a restatement. We do not currently offer our NEOs variable compensation based upon achievement of financial results. However, our Compensation Committee continues to evaluate the adoption of a recoupment policy pending final SEC rules. In the meantime, we intend to comply with all applicable laws and regulations requiring any adjustments to or recovery of incentive compensation.

Stock Trading Practices; Trading and Hedging Policies

Our executive officers are subject to our Insider Trading Policy, which applies to their transactions involving any securities of Veeva. Except under limited circumstances, persons subject to the policy may not engage in any transaction of Veeva securities while aware of material nonpublic information relating to Veeva. The Insider Trading Policy also implements quarterly trading blackout periods and allows for

Executive Compensation

special blackout periods, to limit the likelihood of trading at times with significant risk of insider trading exposure. In addition, directors and executive officers are prohibited from engaging in any transaction involving Veeva securities without first obtaining pre-clearance from our compliance officer.

Our Insider Trading Policy also includes Rule 10b5-1 trading plan guidelines that permit our directors and certain employees, including our NEOs, to adopt Rule 10b5-1 trading plans (“10b5-1 plans”). Under these guidelines, among other restrictions, 10b5-1 plans may only be adopted or modified when the person adopting the trading plan is not aware of any material nonpublic information and there is an open trading window. In addition, the first trade under a 10b5-1 plan may not occur until the completion of the next quarterly blackout period following the adoption of the 10b5-1 plan.

Our Insider Trading Policy prohibits our directors, executive officers, and employees, among other things, from hedging transactions in Veeva stock, pledging Veeva stock, and holding Veeva stock in a margin account among other restrictions.

Compensation Policies and Practices as They Relate to Risk Management

Our Compensation Committee has reviewed our major compensation risk exposures and the steps management has taken to monitor and mitigate such risks and does not believe that our compensation policies and practices encourage undue or inappropriate risk taking or create risks that are reasonably likely to have a material adverse effect on Veeva.

Tax and Accounting Considerations

Deductibility of Executive Compensation

Section 162(m) of the Code will limit the amount that we may deduct from our federal income taxes for remuneration paid to our executive officers to one million dollars per executive officer per year, unless certain requirements are met. While our Compensation Committee is mindful of the benefit to us of the deductibility of compensation and will consider deductibility when analyzing potential compensation alternatives, our Compensation Committee believes that it should not be constrained by the requirements of Section 162(m) where those requirements would impair flexibility in compensating our executive officers in a manner that can best promote our corporate objectives. Therefore, our Compensation Committee has not adopted a policy that requires that all compensation be deductible.

No Gross-Ups of Parachute Payments and Deferred Compensation

We did not provide any executive officer, including any NEO, with a “gross-up” or other reimbursement payment for any tax liability that he or she might owe as a result of the application of Sections 280G, 4999, or 409A of the Code during fiscal 2020, and we have not agreed and are not otherwise obligated to provide any NEOs with such a “gross-up” or other reimbursement.

Accounting Treatment

We account for stock compensation in accordance with ASC Topic 718, which requires companies to measure and recognize the compensation expense for all share-based awards made to employees and directors, including stock options and RSUs, over the period during which the award recipient is required to perform services in exchange for the award (for executive officers, generally the four- or five-year vesting period of the award). We estimate the fair value of stock options granted using either a Monte Carlo simulation for market condition awards or the Black-Scholes option-valuation model. This calculation is performed for accounting purposes and reported in the compensation tables below.

Executive Compensation

Compensation Committee Report⁽¹⁾

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K, and in reliance on such review and discussions, the Compensation Committee has recommended to the Board of Directors that this Compensation Discussion and Analysis be incorporated by reference into the Annual Report on Form 10-K for the year ended January 31, 2020 and included in this Proxy Statement.

Gordon Ritter, *Chair*

Mark Carges

Ronald E.F. Codd

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- (1) The material in the Compensation Committee Report is not “soliciting material,” is not deemed “filed” with the SEC and is not to be incorporated by reference in any of our filings under the Securities Act of 1933, as amended, or the Securities Act, or the Exchange Act, other than our Annual Report on Form 10-K, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Executive Compensation

Summary Compensation Table

The following table provides information concerning the compensation paid to our NEOs for fiscal 2020, as well as for our prior two fiscal years.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$ (1))	Option Awards (\$ (1))	All Other Compensation (\$ (2))	Total (\$)
Peter P. Gassner <i>Chief Executive Officer</i>	2020	325,000	—	—	—	—	325,000
	2019	322,917	—	—	—	—	322,917
	2018	300,000	—	—	87,843,333(3)	0	88,143,333
Timothy S. Cabral <i>Chief Financial Officer</i>	2020	325,000	—	636,803	1,234,615	—	2,196,418
	2019	322,917	—	—	—	—	322,917
	2018	258,462(4)	—	—	—	12,188	258,462
Alan V. Mateo <i>Executive Vice President, Global Sales</i>	2020	325,000	—	—	2,187,033	—	2,512,033
	2019	322,917	—	—	—	—	322,917
	2018	300,000	—	—	—	0	300,000
Thomas D. Schwenger (5) <i>President and Chief Operating Officer</i>	2020	101,042	—	3,518,880	4,470,669	—	8,090,591
E. Nitsa Zuppas <i>Chief Marketing Officer</i>	2020	325,000	—	365,823	1,234,615	—	1,925,438
	2019	322,917	—	—	—	—	322,917
	2018	300,000	—	—	—	—	300,000

- (1) The amounts reported in these columns represent the aggregate grant date fair value of RSUs and options to purchase shares of our Class A common stock, as applicable, computed in accordance with FASB ASC Topic No. 718. See note 13 of the notes to our consolidated financial statements included in our annual report on Form 10-K filed on March 30, 2020 for a discussion of the assumptions made by us in determining the grant date fair value of our equity awards. These amounts do not purport to reflect the value that will be recognized by the NEOs upon sale of the underlying securities.
- (2) The amount in this column represents the payout of accrued PTO that resulted when we ceased permitting PTO accrual.
- (3) Represents the grant date fair value of options to purchase an aggregate of 2,838,635 shares of our Class A common stock. See discussion in “Compensation Discussion and Analysis—Principal Elements of Compensation—Equity Awards” for additional details about this option grant. This option grant was made to Mr. Gassner on January 10, 2018. Accordingly, the disclosure rules that apply to the Summary Compensation Table require that we reflect the entire grant date fair value for this option grant in fiscal 2018. In determining to recommend and approve, respectively, this option grant, our Compensation Committee and our Board considered the fact that, given its five-year grant cycle for Mr. Gassner and delayed vesting commencement date, the fair value of the option grant might more appropriately be thought of by allocating the grant date fair value in equal portions to each of the five fiscal years in which the options will vest (i.e., fiscal 2021 through fiscal 2025). The fair value allocated under that methodology to each year of the five-year vesting period would have been \$17,568,667.
- (4) Mr. Cabral took an unpaid leave under our sabbatical program.
- (5) Mr. Schwenger joined Veeva as an executive officer in September 2019.

Executive Compensation

Fiscal 2020 Grants of Plan-Based Awards

Name	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards Target (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/share)	Grant Date Fair Value of Stock and Option Awards (\$) (1)
Peter P. Gassner	—	—	—	—	—	—
Timothy S. Cabral	4/11/2019	—	—	21,000(2)	135.49	1,234,615
	4/11/2019	—	4,700(3)	—	—	636,803
Alan V. Mateo	4/11/2019	—	—	37,200(4)	135.49	2,187,033
Thomas D. Schwenger	10/4/2019	—	—	70,000(5)	154.00	4,470,669
	9/18/2019	—	14,000(6)	—	—	2,052,680
	9/18/2019	—	10,000(7)	—	—	1,466,200
E. Nitsa Zuppas	4/11/2019	—	—	21,000(8)	135.49	1,234,615
	4/11/2019	—	2,700(9)	—	—	365,823

- (1) The amounts reported represent the aggregate grant date fair value computed in accordance with FASB ASC Topic No. 718. See note 13 of the notes to our consolidated financial statements included in our annual report on Form 10-K filed on March 30, 2020 for a discussion of the assumptions made by us in determining the grant date fair value of our equity awards. These amounts do not purport to reflect the value that will be recognized by the NEOs upon sale of the underlying securities.
- (2) The stock options vest and become exercisable in four equal annual installments between April 1, 2020 and April 1, 2023, subject to Mr. Cabral's continued service as our Chief Financial Officer.
- (3) RSUs vest quarterly over one year, with 1/4th vesting per quarter, following the vesting commencement date of April 1, 2019.
- (4) The stock options vest and become exercisable in four equal annual installments between April 1, 2020 and April 1, 2023, subject to Mr. Mateo's continued service as our Executive Vice President, Global Sales.
- (5) The stock options vest and become exercisable in four equal annual installments between October 1, 2020 and October 1, 2023, subject to Mr. Schwenger's continued service as our President and Chief Operating Officer.
- (6) RSUs vest quarterly over 18 months, with 1/6th vesting per quarter, following the vesting commencement date of October 1, 2019.
- (7) RSUs vest quarterly over one year, with 1/4th vesting per quarter, following the vesting commencement date of October 1, 2019.
- (8) The stock options vest and become exercisable in four equal annual installments between April 1, 2020 and April 1, 2023, subject to Ms. Zuppas' continued service as our Chief Marketing Officer.
- (9) RSUs vest quarterly over one year, with 1/4th vesting per quarter, following the vesting commencement date of April 1, 2019.

Executive Compensation

Outstanding Equity Awards at Fiscal 2020 Year-End

The following table sets forth information regarding all unexercised options and unvested RSUs held by each of our NEOs as of January 31, 2020. The vesting schedule applicable to each outstanding award is described in the footnotes to the table below.

Name	Grant Date	Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options Vested (#)	Number of Securities Underlying Unexercised Options Unvested (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares of Stock that Have Not Vested (\$) (1)
Peter P. Gassner	3/10/2013	3,277,777	55,556(2)	3.92	3/9/2023	—	—
	1/10/2018	—	2,128,975(3)	60.00	1/9/2028	—	—
	1/10/2018	—	177,415(4)	60.00	1/9/2028	—	—
	1/10/2018	—	177,415(5)	60.00	1/9/2028	—	—
	1/10/2018	—	177,415(6)	60.00	1/9/2028	—	—
	1/10/2018	—	177,415(7)	60.00	1/9/2028	—	—
Timothy S. Cabral	3/10/2013	66,060	—	3.92	3/9/2023	—	—
	4/11/2019	—	21,000(8)	135.49	4/10/2029	—	—
	4/11/2019	—	—	—	—	1,175(9)	172,267
Alan V. Mateo	5/1/2015	131,406	25,000(10)	26.99	4/30/2025	—	—
	5/1/2015	—	—	—	—	1,750(11)	256,568
	3/23/2016	—	—	—	—	1,000(12)	146,610
	4/11/2019	—	37,200(13)	135.49	4/10/2029	—	—
Thomas D. Schwenger	9/18/2019	—	—	—	—	11,667(14)	1,710,499
	9/18/2019	—	—	—	—	10,000(15)	1,466,100
	10/4/2019	—	70,000(16)	154.00	10/3/2029	—	—
E. Nitsa Zuppas	3/26/2013	7,300	—	3.92	3/25/2023	—	—
	3/15/2014	367	—	32.26	3/14/2024	—	—
	3/23/2016	—	—	—	—	500(12)	73,305
	4/11/2019	—	21,000(8)	135.49	4/10/2029	—	—
	4/11/2019	—	—	—	—	675(9)	98,962

- (1) Computed in accordance with SEC rules as the number of unvested RSUs multiplied by the closing market price of our Class A common stock at the end of fiscal 2020, which was \$146.61 on January 31, 2020 (the last trading day of fiscal 2020).
- (2) The stock option vested monthly over a five-year period following February 1, 2015. As of February 1, 2020, this stock option was fully vested.
- (3) The stock options vest and become exercisable in 60 equal monthly installments between March 1, 2020 and February 1, 2025, subject to Mr. Gassner's continued service as our CEO.
- (4) The stock options vest and become exercisable in 60 equal monthly installments beginning March 1, 2020 through February 1, 2025, subject to Mr. Gassner's continued service as our CEO. The performance-based vesting condition related to achievement of the Stock Price Target of \$90.00 per share for at least 60 consecutive trading days has been satisfied. See discussion in "Executive Compensation—Principal Elements of Compensation—Equity Awards" for additional details about this award.

Executive Compensation

- (5) The stock options vest and become exercisable in 60 equal monthly installments beginning March 1, 2020 through February 1, 2025, subject to Mr. Gassner's continued service as our CEO. The performance-based vesting condition related to the achievement of the Stock Price Target of \$100.00 per share for at least 60 consecutive trading days has been satisfied. See discussion in "Executive Compensation—Principal Elements of Compensation—Equity Awards" for additional details about this award.
- (6) The stock options vest and become exercisable in 60 equal monthly installments beginning March 1, 2020 through February 1, 2025, subject to Mr. Gassner's continued service as our CEO. The performance-based vesting condition related to the achievement of the Stock Price Target of \$110.00 per share for at least 60 consecutive trading days has been satisfied. See discussion in "Executive Compensation—Principal Elements of Compensation—Equity Awards" for additional details about this award.
- (7) The stock options vest and become exercisable in 60 equal monthly installments beginning March 1, 2020 through February 1, 2025, subject to Mr. Gassner's continued service as our CEO. The performance-based vesting condition related to the achievement of the Stock Price Target of \$120.00 per share for at least 60 consecutive trading days has been satisfied. See discussion in "Executive Compensation—Principal Elements of Compensation—Equity Awards" for additional details about this award.
- (8) The stock options vest over four years, with 25% of the shares subject to the award vested on April 1, 2020, and 1/4th of the total shares vesting equally on a yearly basis thereafter.
- (9) The RSUs vest quarterly over one year, with 25% vesting per quarter, following the vesting commencement date of April 1, 2019.
- (10) Mr. Mateo's stock options vest over five years, with 20% of the shares subject to the award vested on April 13, 2016, and 1/60th of the total shares vesting equally on a monthly basis thereafter.
- (11) Mr. Mateo's RSUs vest quarterly over five years, with 1/20th vesting per quarter, following the vesting commencement date of April 13, 2015.
- (12) RSUs vest quarterly over four years, with 1/16th vesting per quarter, following the vesting commencement date of March 1, 2016.
- (13) Mr. Mateo's stock options vest over four years, with 25% of the shares subject to the award vested on April 1, 2020, and 1/4th of the total shares vesting equally on a yearly basis thereafter.
- (14) Mr. Schwenger's RSUs vest quarterly over 18 months, with 1/6th vesting per quarter, following the vesting commencement date of October 1, 2019.
- (15) Mr. Schwenger's RSUs vest quarterly over one year, with 25% vesting per quarter, following the vesting commencement date of October 1, 2019.
- (16) Mr. Schwenger's stock options vest over four years, with 25% of the shares subject to the award vested on October 1, 2020, and 1/4th of the total shares vesting equally on a yearly basis thereafter.

Executive Compensation

Fiscal 2020 Option Exercises and Stock Vested

The following table shows the number of shares NEOs acquired upon exercise of options and vesting of RSUs during fiscal 2020.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$ (1))	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$ (2))
Peter P. Gassner	—	—	—	—
Timothy S. Cabral	105,574	14,693,120	3,525	539,466
Alan V. Mateo	35,629	4,247,538	11,000	1,652,535
Thomas D. Schwenger	—	—	2,333	328,160
E. Nitsa Zuppas	53,000	6,936,667	6,025	842,431

- (1) The value realized is based on the fair market value of our Class A common stock on the date of exercise minus the exercise price.
- (2) The value realized on vesting is calculated by multiplying the number of RSUs vesting by the fair market value of a share of our Class A common stock on the vesting date.

Fiscal 2020 Potential Payments Upon Termination or Change in Control

We have entered into offer letters with each of our NEOs, none of which provide a right to receive severance in the event of a termination of their employment. In addition, none of our NEOs are currently eligible for any change-in-control-related benefits.

CEO Pay Ratio

We are required to disclose the ratio of the annual total compensation of Mr. Gassner, our CEO, to our median employee's annual total compensation. We believe our compensation philosophy and process yield an equitable result for all of our employees.

The pay ratio reported below is a reasonable estimate calculated in a manner consistent with SEC rules based on our internal records and the methodology described below. Neither the Compensation Committee nor our management use our pay ratio to make compensation decisions. Because the SEC's rules for identifying the median employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their employee populations and compensation practices, the pay ratio reported by other companies may not be comparable to the pay ratio reported below, as other companies have different employee populations and compensation practices and may utilize different methodologies, exclusions, estimates, and assumptions in calculating their own pay ratios.

Under SEC rules, we are required to identify our median employee only once every three years and calculate annual total compensation for that employee each year. As disclosed in our fiscal 2019 Proxy Statement, beginning in late fiscal 2019 for new hires and in the first quarter of fiscal 2020 for current Veeva employees, we started offering equity under a new compensation program applicable to the vast majority of our employee base but not applicable to our CEO. Our new compensation program consists of three primary components: total cash compensation (base salary and, in some cases, variable cash compensation), a "stock bonus" in the form of an annual RSU grant, and long-term equity incentives in the form of annual grants of stock options. In addition and as previously disclosed, because our CEO is currently on a five-year equity award grant cycle, we do not expect him to receive additional equity awards until at least 2023.

Executive Compensation

For purposes of identifying our “median employee,” we used our worldwide employee population as of November 1, 2019, which consisted of 3,012 part-time and full-time employees, of which 1,680 employees were employed in the United States and 1,332 employees were employed outside of the United States. We excluded 244 employees who were hired in connection with an acquisition we completed in fiscal 2020 on November 1, 2019. To identify the median employee, we used the following methodology and consistently applied material assumptions, adjustments, and estimates:

- We calculated the annual total compensation of our employee population, excluding Mr. Gassner, as the sum of (1) annual base salary for permanent salaried employees, or hourly rate multiplied by expected annual work schedule for hourly employees, as of November 1, 2019; (2) variable compensation during the 12 months ended October 31, 2019, if applicable; (3) grant date fair value of equity awards granted during the 12 months ended October 31, 2019; and (4) Veeva's matching contributions to the employee's 401(k) tax-deferred savings plan or registered retirement savings plan account.
- We used the exchange rate based on a 12-month average as of November 1, 2019 to convert each non-U.S. employee's cash compensation to U.S. dollars.
- We did not make any cost-of-living adjustments in identifying the median employee nor did we use the de minimis exemption allowed by SEC rules to exclude any of our employee population.

We calculated the annual total compensation for fiscal 2020 for such employee using the same methodology we used for our NEOs as set forth in the Summary Compensation Table above. For fiscal 2020, the annual total compensation for Mr. Gassner and our median employee were \$325,000 and \$123,438, respectively. Accordingly, the resulting ratio of the two amounts is approximately 2.6:1.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of January 31, 2020 with respect to the shares of our common stock that may be issued under our existing equity compensation plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, RSUs, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (1)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (2)
Equity compensation plans approved by stockholders	15,266,742	\$ 40.64	33,368,886(3)
Equity compensation plans not approved by stockholders	—	—	—
Total	15,266,742		33,368,886

- (1) The weighted average exercise price does not take into account outstanding RSUs.
- (2) Included in this amount are 4,897,856 shares available for future issuance under the 2013 Employee Stock Purchase Plan (ESPP).
- (3) On the first business day of each fiscal year during the term of our 2013 Equity Incentive Plan (2013 Plan), the number of authorized shares of our Class A common stock under our 2013 Plan automatically increases by a number of shares of our Class A common stock equal to the least of (i) 5% of the total number of shares of all classes of our common stock issued and outstanding on the last business day of the prior fiscal year, (ii) 13,750,000 shares of our Class A common stock, or (iii) a number of shares of our Class A common stock determined by our Board. On the first business day of each fiscal year during the term of our ESPP, the number of authorized shares of our Class A common stock under our ESPP automatically increases by a number of shares of our Class A common stock equal to the least of (i) 1% of the total number of shares of all classes of our common stock issued and outstanding on the last business day of the prior fiscal year, (ii) 2,200,000 shares of our Class A common stock, or (iii) a number of shares of our Class A common stock determined by our Board.

PROPOSAL TWO: RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our Board unanimously recommends a vote “FOR” ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2021.

Our Audit Committee has appointed the firm of KPMG LLP, independent registered public accountants, to audit our financial statements for the fiscal year ending January 31, 2021. KPMG has audited our financial statements since the fiscal year ended January 31, 2010.

Notwithstanding its selection and even if our stockholders ratify the selection, our Audit Committee, in its discretion, may appoint another independent registered public accounting firm at any time if the Audit Committee believes that such a change would be in the best interests of Veeva and its stockholders. At the Annual Meeting, the stockholders are being asked to ratify the appointment of KPMG as our independent registered public accounting firm for the fiscal year ending January 31, 2021. Our Audit Committee is submitting the selection of KPMG to our stockholders because we value our stockholders’ views on our independent registered public accounting firm and as a matter of good corporate governance. Representatives of KPMG will be present at the Annual Meeting, and they will have an opportunity to make statements and will be available to respond to appropriate questions from stockholders.

If this proposal does not receive the affirmative approval of a majority of the votes cast on the proposal, the Audit Committee would reconsider the appointment.

Principal Accounting Fees and Services

The following table sets forth all fees paid or accrued by us for professional audit services and other services rendered by KPMG for the fiscal years ended January 31, 2020 and 2019:

	2020	2019
Audit Fees (1)	\$ 2,860,900	\$ 2,217,810
Total Fees	\$ 2,860,900	\$ 2,217,810

(1) Audit fees: This category represents fees for professional services provided in connection with the audit of our financial statements, review of our quarterly financial statements, attest services related to Section 404 of the Sarbanes-Oxley Act of 2002, and audit services provided in connection with other regulatory or statutory filings for which we have engaged KPMG.

Pre-Approval of Audit and Non-Audit Services

Consistent with requirements of the SEC and the Public Company Accounting Oversight Board regarding auditor independence, our Audit Committee is responsible for the appointment, compensation, and oversight of the work of KPMG. In recognition of this responsibility, our Audit Committee (or the chair if such approval is needed on a time-urgent basis) generally pre-approves all audit and permissible non-audit services provided by KPMG. These services may include audit services, audit-related services, tax services, and other services.

AUDIT COMMITTEE REPORT

The information contained in the following report of Veeva's Audit Committee is not considered to be "soliciting material," "filed" or incorporated by reference in any past or future filing by us under the Securities Exchange Act of 1934 or the Securities Act of 1933 unless and only to the extent that Veeva specifically incorporates it by reference.

Role of the Audit Committee

The Audit Committee operates under a written charter adopted by our Board of Directors. Our Audit Committee oversees our accounting practices, system of internal controls, audit processes and financial reporting processes. Among other things, our Audit Committee is responsible for reviewing our disclosure controls and processes and the adequacy and effectiveness of our internal controls. It also discusses the scope and results of the audit with our independent registered public accounting firm, reviews with our management and our independent registered public accounting firm our interim and year-end operating results, discusses critical audit matters and related disclosures with our independent registered public accounting firm, and, as appropriate, initiates inquiries into aspects of our financial affairs. Our Audit Committee is responsible for establishing procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters. In addition, our Audit Committee has sole and direct responsibility for the appointment, retention, compensation and oversight of the work of our independent registered public accounting firm, including approving services and fee arrangements. Material related party transactions will be approved by our Audit Committee before we enter into them, as required by applicable rules and listing standards. A more detailed description of the functions and responsibilities of the Audit Committee can be found in Veeva's Audit Committee charter, published on the Investors portion of Veeva's website at <http://ir.veeva.com/>.

The Audit Committee oversees our financial reporting process on behalf of the Board of Directors. Management is responsible for our internal controls, financial reporting process, selection of accounting principles, determination of estimates and compliance with laws, regulations and ethical business conduct. Our independent registered public accounting firm is responsible for expressing an opinion as to the conformity of our consolidated financial statements with generally accepted accounting principles.

Review of Audited Financial Statements for the Fiscal Year Ended January 31, 2020

The Audit Committee has reviewed and discussed with Veeva's management and KPMG LLP the audited consolidated financial statements of Veeva for the fiscal year ended January 31, 2020. The Audit Committee has also discussed with KPMG LLP the matters required to be discussed by applicable requirements of the Public Company Accounting Oversight Board regarding communications between our independent registered public accounting firm and Audit Committee.

The Audit Committee has received and reviewed the written disclosures and the letter from KPMG LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence and has discussed with KPMG LLP its independence from us.

Based on the activities, reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in Veeva's annual report on Form 10-K for the fiscal year ended January 31, 2020 for filing with the Securities and Exchange Commission.

Submitted by the Audit Committee of the Board of Directors:

Ronald E. F. Codd (*Chair*)
Timothy Barabe
Paul Chamberlain

FREQUENTLY ASKED QUESTIONS AND ANSWERS

Annual Meeting

Q: What is a proxy and why am I receiving these proxy materials?

A: A proxy is your legal designation of another person to vote the stock you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card.

Our Board is providing these proxy materials to you in connection with the solicitation of proxies for use at the virtual Annual Meeting to be held on Thursday, June 25, 2020 at 12:00 p.m. Pacific Time, and at any adjournment or postponement thereof, for the purpose of considering and acting upon the matters described in this Proxy Statement. The Notice of Internet Availability of Proxy Materials (the "Notice"), this Proxy Statement, and accompanying form of proxy card are being made available to you on or about May 12, 2020.

Q: What is included in the proxy materials?

A: The proxy materials include:

- This Proxy Statement for the Annual Meeting;
- Our 2020 Annual Report, which consists of our Annual Report on Form 10-K for the fiscal year ended January 31, 2020; and
- The Notice or proxy card.

Q: How can I get electronic access to the proxy materials?

A: The proxy materials are available at www.proxyvote.com and on our website at <http://ir.veeva.com>. You can find directions on how to instruct us to send future proxy materials to you in the proxy materials. Choosing to receive future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of our annual meetings on the environment. If you choose to receive future proxy materials by email, you will receive an email message next year with instructions containing a link to the proxy materials and a link to the proxy voting website. Your election to receive proxy materials by email will remain in effect until you terminate it.

Q: What information is contained in this Proxy Statement?

A: The information in this Proxy Statement relates to the proposals to be voted on at the Annual Meeting, the voting process, the compensation of our directors and named executive officers, corporate governance, and certain other required information.

Q: Where is the Annual Meeting and what do I need to attend?

A: This year, the Annual Meeting will be held virtually at www.virtualshareholdermeeting.com/VEEV2020. To attend the virtual Annual Meeting, you will need the 16-digit control number included on the Notice or your proxy card.

Q: Why will the Annual Meeting be held virtually?

A: In light of the COVID-19 outbreak, we believe hosting a virtual Annual Meeting this year will help ensure the health and safety of our stockholders, Board, and management. Our virtual Annual Meeting is also generally designed to enable participation of and access by more of our stockholders while decreasing the cost of conducting the meeting. Stockholders attending the virtual Annual Meeting will be afforded the same rights and opportunities to participate as they would have had at an in-person meeting.

Frequently Asked Questions and Answers

Q: How can I review the list of stockholders eligible to vote?

A: Our list of stockholders as of the Record Date will be available for inspection for the 10 days prior to the Annual Meeting. If you want to inspect the stockholder list, email our Investor Relations department at ir@veeva.com to make arrangements. The list of stockholders will also be available during the virtual Annual Meeting through the meeting website for those stockholders who choose to attend.

Q: What if I have technical difficulties trying to access the virtual Annual Meeting?

A: If you encounter any difficulties accessing the virtual meeting during the check-in or meeting time, please call the technical support number that will be posted on the login page at www.virtualshareholdermeeting.com/VEEV2020. We encourage you to check in at 11:45 a.m. Pacific Time on June 25, 2020, the day of the Annual Meeting, to allow ample time for check-in procedures and so you may address any technical difficulties before the Annual Meeting live webcast begins.

Stock Ownership

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: *Stockholders of record* — If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC (“AST”), you are considered, with respect to those shares, the “stockholder of record,” and the Notice was provided to you directly by us. As the stockholder of record, you have the right to grant your voting proxy directly to the individuals listed on the proxy card or to vote electronically at the virtual Annual Meeting.

Beneficial owners — Many Veeva stockholders hold their shares through a broker, trustee, or other nominee, rather than directly in their own name. If your shares are held in a brokerage account or by a bank or another nominee, you are considered the “beneficial owner” of shares held in “street name.” The Notice was forwarded to you by your broker, trustee, or nominee, who is considered, with respect to those shares, the stockholder of record.

As the beneficial owner, you have the right to direct your broker, trustee, or nominee on how to vote your shares. Beneficial owners are also invited to attend the Annual Meeting. Shares for which you are the beneficial owner but not the shareholder of record also may be voted electronically during the Annual Meeting.

Quorum and Voting

Q: How many shares must be present to conduct business at the Annual Meeting?

A: A quorum is the minimum number of shares required to be present at the Annual Meeting for the meeting to be properly held under our Bylaws and Delaware state law. The presence, in person or by proxy, of a majority of the aggregate voting power of the issued and outstanding shares of stock entitled to vote at the meeting will constitute a quorum at the meeting. Except as otherwise expressly provided by our Certificate or Bylaws, the holders of shares of Class A common stock and Class B common stock will vote together as a single class on all matters submitted to a vote or for the consent of the stockholders of Veeva. Each holder of Class A common stock will have the right to one vote per share of Class A common stock and each holder of Class B common stock will have the right to ten votes per share of Class B common stock. A proxy submitted by a stockholder may indicate that the shares represented by the proxy are not being voted (“stockholder withholding”) with respect to a particular matter.

Frequently Asked Questions and Answers

Under the General Corporation Law of the State of Delaware, abstentions and “broker non-votes” are counted as present and entitled to vote and are, therefore, included for purposes of determining whether a quorum is present at the Annual Meeting.

A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

Q: Who is entitled to vote at the Annual Meeting?

A: Holders of record of our common stock at the close of business on the Record Date are entitled to receive notice of and to vote their shares at the Annual Meeting. As of the Record Date, we had 134,844,358 shares of Class A common stock outstanding and 15,185,511 shares of Class B common stock outstanding.

Q: How many votes do I have?

A: In deciding all matters at the Annual Meeting, each holder of Class A common stock of Veeva will be entitled to one vote for each share of Class A common stock held as of the close of business on the Record Date, and each holder of Class B common stock of Veeva will be entitled to ten votes for each share of Class B common stock held as of the close of business on the Record Date. We do not have cumulative voting rights for the election of directors.

Q: How can I vote my shares?

A: If you are a **stockholder of record**, you may cast your vote in one of the following ways:

- *Electronically at the Annual Meeting* —You may vote directly at the virtual Annual Meeting by navigating to www.virtualshareholdermeeting.com/VEEV2020 and entering in your 16-digit control number. **Even if you plan to attend the virtual Annual Meeting, we recommend that you follow the voting directions described below, so that your vote will be counted if you later decide not to attend the meeting.**
- *Via the Internet before the Annual Meeting* — You may vote by proxy by going to www.proxyvote.com until 11:59 p.m. Eastern Time on Wednesday, June 24, 2020.
- *By Telephone before the Annual Meeting* —You may vote by proxy by telephone until 11:59 p.m. Eastern Time on Wednesday, June 24, 2020 by calling 1-800-690-6903.
- *By Mail before the Annual Meeting* — If you receive a proxy card, and you may vote by filling out the proxy card and mailing it in the envelope provided.

If you are a **beneficial owner** holding shares through a bank, broker, or other nominee, please refer to your Notice or other information forwarded by your bank or broker to see which voting options are available to you.

Q: What proposals will be voted on at the Annual Meeting?

A: At the Annual Meeting, stockholders will be asked to vote:

- (1) To elect the three directors listed in Proposal One to serve as Class I directors until the annual meeting to be held in 2023 or until their successors are duly elected and qualified;
- (2) To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2021; and
- (3) To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

Frequently Asked Questions and Answers

Q: What is the voting requirement to approve each of the proposals?

A: *Proposal One* — The election of directors requires a plurality vote of the shares of common stock voted at the meeting. “Plurality” means that the individuals who receive the largest number of votes cast “FOR” are elected as directors. As a result, any shares not voted “FOR” a particular nominee (whether as a result of stockholder withholding or a broker non-vote) will not be counted in such nominee’s favor.

Proposal Two — The affirmative vote of a majority in voting power of votes cast affirmatively or negatively is required to ratify the appointment of KPMG LLP as our independent registered public accounting firm. You may vote “FOR,” “AGAINST,” or “ABSTAIN” on this proposal. Abstentions and broker non-votes will have no effect on the outcome of this proposal.

Q: How does the Board recommend that I vote?

A: Our Board unanimously recommends that you vote your shares:

- “FOR ALL” nominees for election as director listed in Proposal One and
- “FOR” the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2021.

Q: What happens if I do not give specific voting instructions?

A: *Stockholder of record* — If you are a stockholder of record and you:

- Indicate when voting on the Internet or by telephone that you wish to vote as recommended by our Board or
- Sign and return a proxy card without giving specific voting instructions, then the persons named as proxy holders will vote your shares in the manner recommended by the Board on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

Beneficial owners — If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, then, under applicable rules, the organization that holds your shares may generally vote on “routine” matters but cannot vote on “non-routine” matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, that organization will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a “broker non-vote.”

Q: How may my brokerage firm or other intermediary vote my shares if I fail to provide timely directions?

A: Brokerage firms and other intermediaries holding shares of common stock in street name for customers are generally required to vote such shares in the manner directed by their customers. In the absence of timely directions, your broker will have discretion to vote your shares on our sole routine matter—the proposal to ratify the appointment of KPMG LLP. Your broker will not have discretion to vote on the following “non-routine” matter absent direction from you: the election of directors.

Please note that brokers may not vote your shares on non-routine matters in the absence of your specific instructions as to how to vote, so we encourage you to provide instructions to your broker regarding the voting of your shares.

Frequently Asked Questions and Answers

Q: What happens if additional matters are presented at the Annual Meeting?

A: If any other matters are properly presented for consideration at the Annual Meeting, including, among other things, consideration of a motion to adjourn the Annual Meeting to another time or place (including, without limitation, for the purpose of soliciting additional proxies), the persons named in the proxy card and acting thereunder will have discretion to vote on those matters in accordance with their best judgment. We do not currently anticipate that any other matters will be raised at the Annual Meeting.

Q: Can I change or revoke my vote?

A: Subject to any rules your broker, trustee, or nominee may have, you may change your proxy instructions at any time before your proxy is voted at the Annual Meeting.

If you are a stockholder of record, you may change your vote by (1) filing with our Corporate Secretary, prior to your shares being voted at the Annual Meeting, a written notice of revocation or a duly executed proxy card, in either case dated later than the prior proxy card relating to the same shares, or (2) by attending the Annual Meeting and voting electronically (although attendance at the Annual Meeting will not by itself revoke a proxy). A stockholder of record that has voted on the Internet or by telephone may also change his or her vote by later making a timely and valid Internet or telephone vote.

If you are a beneficial owner of shares held in street name, you may change your vote (1) by submitting new voting instructions to your broker, trustee, or other nominee or (2) by attending the Annual Meeting and voting electronically (although attendance at the Annual Meeting will not by itself revoke a proxy).

Any written notice of revocation or subsequent proxy card must be received by our Corporate Secretary prior to the taking of the vote at the Annual Meeting. Such written notice of revocation or subsequent proxy card should be hand delivered to our Corporate Secretary or should be sent so as to be delivered to our principal executive offices, Attention: Corporate Secretary.

Q: How are proxies solicited and who will bear the cost of soliciting votes for the Annual Meeting?

A: The Board is soliciting proxies for use at the Annual Meeting. We will bear all expenses of this solicitation, including the cost of preparing and mailing these proxy materials. We may reimburse brokerage firms, custodians, nominees, fiduciaries, and other persons representing beneficial owners of common stock for their reasonable expenses in forwarding solicitation material to such beneficial owners. Directors, officers, and employees of Veeva may also solicit proxies in person or by other means of communication. Such directors, officers, and employees will not be additionally compensated but may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation. We may engage the services of a professional proxy solicitation firm to aid in the solicitation of proxies from certain brokers, bank nominees, and other institutional owners. Our costs for such services, if retained, will not be significant. If you choose to access the proxy materials and/or vote through the Internet, you are responsible for any Internet access charges you may incur.

Q: Is my vote confidential?

A: Proxy instructions, ballots, and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within Veeva or to third parties, except as necessary to meet applicable legal requirements, to allow for the tabulation of votes and certification of the vote or to facilitate a successful proxy solicitation.

Frequently Asked Questions and Answers

Q: Who will serve as inspector of elections?

A: The inspector of elections will be a representative from Broadridge Financial Solutions, Inc.

Q: Where can I find the voting results of the Annual Meeting?

A: We intend to announce preliminary voting results at the Annual Meeting and will publish final results in a Current Report on Form 8-K within four business days of the Annual Meeting.

Information About the Proxy Materials

Q: Why did I receive a notice regarding the availability of proxy materials on the Internet instead of a full set of proxy materials?

A: In accordance with the rules of the SEC, we have elected to furnish our proxy materials, including this Proxy Statement and our 2020 Annual Report, primarily via the Internet. Beginning on or about May 12, 2020, we mailed to our stockholders a “Notice of Internet Availability of Proxy Materials” that contains notice of the Annual Meeting, and instructions on how to access our proxy materials on the Internet, how to vote at the meeting, and how to request printed copies of the proxy materials and 2020 Annual Report. Stockholders may request to receive all future proxy materials in printed form by mail or electronically by e-mail by following the instructions contained at www.proxyvote.com. We encourage stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce the cost and environmental impact of our annual meetings.

Q: What does it mean if multiple members of my household are stockholders but we only received one Notice or full set of proxy materials in the mail?

A: We have adopted a procedure called “householding,” which the SEC has approved. Under this procedure, we deliver a single copy of the Notice and, if applicable, the proxy materials to multiple stockholders who share the same address unless we received contrary instructions from one or more of the stockholders. This procedure reduces our printing costs, mailing costs, and fees. Stockholders who participate in householding will continue to be able to access and receive separate proxy cards. Upon written request, we will deliver promptly a separate copy of the Notice and, if applicable, the proxy materials to any stockholder at a shared address to which we delivered a single copy of any of these documents. To receive a separate copy of the Notice and, if applicable, the proxy materials, stockholders should send their requests to our principal executive offices, Attention: Corporate Secretary. Stockholders who hold shares in street name may contact their brokerage firm, bank, broker-dealer, or other similar organization to request information about householding.

Q: What is the mailing address for Veeva’s principal executive offices?

A: Our principal executive offices are located at 4280 Hacienda Drive, Pleasanton, California 94588. The telephone number at that location is (925) 452-6500.

ADDITIONAL INFORMATION

Stockholder Proposals for Our 2021 Annual Meeting

You may submit proposals, including director nominations, for consideration at future stockholder meetings.

Requirements for stockholder proposals to be considered for inclusion in our proxy materials — Stockholders may present proper proposals for inclusion in our proxy statement and for consideration at our next annual meeting of stockholders by submitting their proposals in writing to our Corporate Secretary in a timely manner. In order to be included in the proxy statement for the 2021 annual meeting of stockholders, stockholder proposals must be received by our Corporate Secretary no later than January 12, 2021 and must otherwise comply with the requirements of Rule 14a-8 of the Exchange Act.

Requirements for stockholder proposals to be brought before an annual meeting — In addition, our Bylaws establish an advance notice procedure for stockholders who wish to present certain matters before an annual meeting of stockholders. In general, nominations for the election of directors may be made by our Board or any committee thereof or any stockholder, who is a stockholder of record on the date of the giving of such notice and on the record date for the determination of stockholders entitled to vote at such meeting, who is entitled to vote at such meeting and who has delivered written notice to our Corporate Secretary no later than the Notice Deadline (as defined below), which notice must contain specified information concerning the proposal and concerning the stockholder proposing such proposal.

Our Bylaws also provide that the only business that may be conducted at an annual meeting is business that is (1) specified in the notice of meeting (or any supplement thereto) given by or at the direction of our Board, (2) otherwise properly brought before the meeting by or at the direction of our Board (or any committee thereto), or (3) properly brought before the meeting by a stockholder who has delivered written notice to our Corporate Secretary no later than the Notice Deadline (as defined below).

The “Notice Deadline” is defined as that date which is not less than 90 days nor more than 120 days prior to the one-year anniversary of the previous year’s annual meeting of stockholders. As a result, the Notice Deadline for the 2021 annual meeting of stockholders is between February 25, 2021 and March 27, 2021.

If a stockholder who has notified us of his or her intention to present a proposal at an annual meeting does not appear to present his or her proposal at such meeting, we need not present the proposal for vote at such meeting.

Recommendation of director candidates — You may recommend candidates to our Board for consideration by our Nominating and Governance Committee by following the procedures set forth in “Corporate Governance—Stockholder Recommendations for Nominations to the Board.”

Information Requests

Any written requests for additional information, a copy of our Bylaws, copies of the proxy materials and 2020 Annual Report, notices of stockholder proposals, recommendations for candidates to our Board, communications to our Board or any other communications should be sent to 4280 Hacienda Drive, Pleasanton, California 94588, Attention: Corporate Secretary.

Website

Our website address is included in this Proxy Statement for reference only and is not incorporated by reference into this Proxy Statement.

Other Matters

We know of no other matters to be submitted at the Annual Meeting. If any other matters properly come before the Annual Meeting, the persons named on the proxy card will have discretion to vote the shares they represent in accordance with their best judgment.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended January 31, 2020
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For transition period from _____ to _____
Commission File Number 001-36121

Veeva Systems Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-8235463
(I.R.S. Employer
Identification No.)

4280 Hacienda Drive
Pleasanton, California 94588
(Address of principal executive offices)

(925) 452-6500
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, par value \$0.00001	VEEV	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act:
None

Indicate by a check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

The aggregate market value of voting stock held by non-affiliates of the Registrant on the last business day of the Registrant's most recently completed second fiscal quarter, which was July 31, 2019, based on the closing price of \$165.90 for shares of the Registrant's Class A common stock as reported by the New York Stock Exchange, was approximately \$22.1 billion. Shares of Class A common stock or Class B common stock held by each executive officer, director, and their affiliated holders have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 29, 2020, there were 134,056,705 shares of the Registrant's Class A common stock outstanding and 15,199,816 shares of the Registrant's Class B common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the 2020 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Form 10-K to the extent stated herein. The proxy statement will be filed by the Registrant with the Securities and Exchange Commission within 120 days after the end of the Registrant's fiscal year ended January 31, 2020.

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Pursuant to Part IV, Item 16, a summary of Form 10-K content follows, including hyperlinked cross-references (in the EDGAR filing). This allows users to easily locate the corresponding items in this annual report on Form 10-K where the disclosure is fully presented. The summary does not include certain Part III information that will be incorporated by reference from the Proxy Statement for the 2018 Annual Meeting of Stockholders, which will be filed within 120 days after our fiscal year ended January 31, 2020.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-K contains forward-looking statements that are based on our beliefs and assumptions and on information currently available to us. Forward-looking statements include information concerning our possible or assumed future results of operations and expenses, business strategies and plans, trends, market sizing, competitive position, industry environment, potential growth opportunities and product capabilities, among other things. Forward-looking statements include all statements that are not historical facts and, in some cases, can be identified by terms such as “aim,” “anticipates,” “believes,” “could,” “estimates,” “expects,” “goal,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “seeks,” “should,” “strive,” “will,” “would” or similar expressions and the negatives of those terms.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including those described in “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Form 10-K. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

Any forward-looking statement made by us in this Form 10-K speaks only as of the date on which it is made. Except as required by law, we disclaim any obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

As used in this Form 10-K, the terms “Veeva,” “Registrant,” “we,” “us,” and “our” mean Veeva Systems Inc. and its subsidiaries unless the context indicates otherwise.

ITEM 1. BUSINESS

Overview

Veeva is the leading provider of industry cloud solutions for the global life sciences industry. We were founded in 2007 on the premise that industry-specific cloud solutions could best address the operating challenges and regulatory requirements of life sciences companies. Our solutions are designed to meet the unique needs of our customers and their most strategic business functions—from research and development (R&D) to commercialization. Our solutions are designed to help life sciences companies develop and bring products to market faster and more efficiently, market and sell more effectively, and maintain compliance with government regulations.

Customer success is one of our core values, and our focus on it has allowed us to deepen and expand our strategic relationships with customers over time. Because of our industry focus, we have a unique, in-depth perspective into the needs and best practices of life sciences companies. This allows us to develop targeted solutions, quickly adapt to regulatory changes, and incorporate highly relevant enhancements into our existing solutions at a rapid pace.

Our goal is to become the most strategic technology partner to the life sciences industry and achieve long-term leadership with our solutions that support the R&D and commercial functions of life sciences companies. Our commercial solutions help life sciences companies achieve better, more intelligent engagement with healthcare professionals and healthcare organizations across multiple communication channels, and plan and execute more effective media and marketing campaigns. Our R&D solutions for the clinical, regulatory, quality, and safety functions help life sciences companies streamline their end-to-end product development processes to increase operational efficiency and maintain regulatory compliance throughout the product life cycle.

We are now also bringing the benefits of our content and data management solutions to a new set of customers outside of life sciences in three regulated industries: consumer goods, chemicals, and cosmetics. We believe that the ability of our solutions to meet the demanding business and compliance requirements of life sciences companies translates well into these regulated industries. Our application currently offered to companies outside of life sciences is designed to help customers efficiently manage critical regulated processes and content in a compliant way and to enable secure collaboration across internal and external stakeholders, including outsourcing partners and vendors.

Executing in the Veeva Way

Fundamental to our business model is what we call **The Veeva Way**. The Veeva Way is key to our disciplined approach to achieve our goal of long-term leadership in each of the product markets we serve.

We start with a focus on addressing **clear and correct target markets**. Those are large product markets in which the problem being addressed by our solution is strategic to the businesses of our customers and in which we believe Veeva can become the leader over the long-term if we execute well. We embrace the concept of **running to complexity**, an approach in which we strive to solve the most important and challenging information technology problems our customers face.

We focus on delivering **product excellence and cloud innovation**. Our product development process begins with assembling and investing in strong product teams focused on building deep, best-in-class applications in every product market we serve. Through innovative cloud technology, we also aim to eliminate disparate systems by delivering unified application suites that work together on a common platform.

We strive to forge strong relationships with our customers and **focus on customer success**. When we enter a new product market, we begin with a small number of early adopter customers. We focus on learning from these early adopters and ensuring that they are successful with our products. Once successful, our early adopters have developed into vocal advocates, enabling our **reference selling** model.

Finally, our goal is to **drive strong growth and profitability** through highly efficient, targeted sales and marketing, disciplined product planning, and profitable professional services. Our strong growth and profitability have allowed us to make ongoing investments for continued product innovation in our existing markets and provides us with the resources to invest in new market opportunities.

Our Industry Cloud Solutions for Life Sciences

Our industry cloud solutions for the life sciences industry are grouped into three key product areas—Veeva Commercial Cloud, Veeva Data Cloud, and Veeva Vault—and are designed to address pharmaceutical, biotechnology, and medical device companies' most pressing strategic needs in their commercial and R&D operations.

Veeva Commercial Cloud

Veeva Commercial Cloud is a suite of multichannel customer relationship management (CRM) applications, a commercial data warehouse, territory allocation and alignment applications, a master data management application, and customer reference and key opinion leader data and services, designed to help companies drive smarter, more proactive engagement with healthcare professionals and healthcare organizations and ensure compliance.

Our multichannel CRM applications that are part of Veeva Commercial Cloud include:

- **Veeva CRM and Veeva Medical CRM** enable customer-facing employees, such as life sciences sales representatives, key account managers, and scientific liaisons, to manage, track, and optimize interactions with healthcare professionals and healthcare organizations utilizing a single, integrated solution. With multichannel Veeva CRM, customers have an end-to-end solution for the planning and coordination of their teams across all key channels, including face-to-face, email, and web. Veeva CRM supports the life sciences industry's unique commercial business processes and regulatory compliance requirements with highly specialized functionality, such as prescription drug sample management with electronic signature capture, the management of complex affiliations between physicians and the organizations where they work, and the capture of medical inquiries from physicians. Key existing and recently announced innovative capabilities of our Veeva CRM and Veeva Medical CRM solutions include:
 - Powered by data science, **Veeva CRM Suggestions** is a dashboard included within Veeva CRM that offers life sciences sales representatives recommendations on the next best action and right channel for the next interaction with their customers.
 - **Veeva CRM's Real-time Architecture and Autosync** capability ensures all CRM information, including activity, customer, and product data are available across multiple mobile devices.
 - **Veeva CRM Approved Notes** allows sales representatives to capture free text notes in Veeva CRM and leverage the power of artificial intelligence to save information in a compliant way. Veeva Approved Notes is planned for availability in 2020.
 - **Customer Journeys** is a new capability in Veeva CRM to better target and manage customers through stages of an adoption lifecycle and drive the best actions at the right customer stage.
- **Veeva CRM MyInsights** provides a data visualization tool that delivers tailored, actionable insights to life sciences sales representatives in Veeva CRM.

- **Veeva CLM** provides capabilities for life sciences sales representatives to present digital marketing content on a mobile device, such as an iPad, during in-person interactions with healthcare professionals.
- **Veeva CRM Approved Email** enables the management, delivery, and tracking of emails from life sciences sales representatives to healthcare professionals, while maintaining regulatory compliance.
- **Veeva CRM Events Management** enables the planning, management, and execution of group meetings with healthcare professionals and helps life sciences companies track and manage spending in order to meet transparency reporting requirements. Physicians World, which we recently acquired, provides complementary full-service speakers bureau logistics in the United States for life sciences companies of all sizes.
- **Veeva CRM Engage** delivers the ability to interact with healthcare professionals for online meetings—using **Veeva CRM Engage Meeting**—and provides closed-loop marketing capabilities for self-directed interactions with healthcare professionals via the web with **Veeva CRM Engage for Portals**. **Veeva CRM Engage Webinar** allows companies to execute virtual events in a compliant way and is also built to work with Veeva CRM Events Management.
- **Veeva Align** enables life sciences companies to perform fast, accurate sales territory alignments. Through native integration with Veeva CRM, Veeva Align allows seamless field collaboration to increase accuracy and minimize hand-offs.
- **Veeva CRM Approved Messaging** adds support for messaging applications, such as WeChat and WhatsApp, to open new digital channels for sales representatives to engage in relevant, timely interactions with healthcare professionals. Veeva Approved Messaging is available today for WeChat and is planned for availability for WhatsApp in 2020.

Our data solutions that are part of Veeva Commercial Cloud include:

- **Veeva OpenData** provides healthcare professional and healthcare organization data that includes demographic information, license information and status, specialty information, affiliations, and other key data that is crucial to customer engagement and compliance. In the life sciences industry, this category of data is referred to as customer reference data or customer data. **Veeva OpenData Explorer**, planned for availability in 2020, will give users the option to access comprehensive customer reference data through a web-based portal. We also offer outsourced data stewardship services to our customers.
- **Veeva Oncology Link** is a single source of continuously updated profile and market intelligence data on key scientific leaders in oncology. Veeva Oncology Link associates thousands of global experts with millions of activities, including publications, clinical trials, and events.
- **Crossix**, which we acquired in November 2019, provides pharmaceutical brands privacy-safe U.S. patient data and a best-in-class analytics platform to maximize media investments and drive greater marketing effectiveness. Crossix SafeMine technology connects health data and non-health data, including consumer and media data, for U.S. patients in a privacy-safe manner. Crossix DIFA uses that data to enable real-time measurement and optimization of complex, cross-channel media campaigns aimed at patients and healthcare professionals.

Our master data management solution that is part of Veeva Commercial Cloud includes:

- **Veeva Network Customer Master** is an industry-specific, customer master software solution that de-duplicates, standardizes, and cleanses healthcare professional and healthcare organization data from multiple systems and data sources to arrive at a single, consolidated customer master record. Veeva Network Customer Master comes pre-configured with a data model that is specific to life sciences and supports global harmonization, as well as country, market, and regional data specifications, within a single system.

Our next-generation commercial data warehouse and advanced artificial intelligence application that are part of Veeva Commercial Cloud include:

- **Veeva Nitro** eliminates the time and effort of custom data warehouse development and maintenance and provides a foundation for artificial intelligence and advanced analytics. With an industry-specific data model and standard data connectors, Nitro enables life sciences companies to more easily unify their most important data sources, such as prescription, sales, formulary, and claims data.
- **Veeva Andi** is an artificial intelligence application that embeds tailored insights and suggestions in Veeva CRM regarding the next best action for improved field efficiency and effectiveness. With Veeva Andi, customers can adopt, deploy, and scale artificial intelligence across Veeva CRM and deliver the right message in the right channel at the right time for an improved customer experience.

Veeva Data Cloud

Veeva Data Cloud will provide longitudinal U.S. patient and prescriber data for both retail and specialty distribution channels for commercial use cases such as launch planning, patient segmentation, commercial analytics, artificial intelligence, territory design, targeting, and incentive compensation. Veeva Data Cloud will be powered by existing Crossix technology, privacy-safe processes, and an expanding health data set and will have the same open and customer-friendly usage agreements that exist today with other Veeva data solutions. We expect Veeva Data Cloud to be available by December 2020.

Veeva Vault

Veeva Vault is a unified suite of cloud-based, enterprise content and data management applications, all built on our proprietary **Veeva Vault Platform**. Our Veeva Vault applications address the content management requirements for our customers' commercial functions, including medical and sales and marketing, and key R&D functions, including clinical, regulatory, quality, and safety.

Veeva Vault's unique ability to handle content and data allows us to build content- and data-centric applications to help customers streamline end-to-end business processes and eliminate manual processes and siloed systems. Veeva Vault can be deployed one application at a time or as an integrated solution with multiple applications that enables our customers to unify and manage important documents and related data in a single, global system.

Our Veeva Vault applications for life sciences are organized into two product areas: Veeva Vault for Commercial Content Management and Veeva Development Cloud.

Veeva Vault for Commercial Content Management

The increasing use and variety of content in the sales and marketing efforts of life sciences companies requires rapid creation of materials and better management of commercial content, with continuous strict regulatory compliance across channels and geographies. The Veeva Vault applications and capabilities primarily used by the commercial and medical departments of life sciences companies to manage commercial and medical content include:

- **Veeva Vault PromoMats** combines digital asset management with content review and distribution capabilities through which life sciences companies can manage the end-to-end process for creation, review, approval, claims tracking, multichannel distribution, expiration, and withdrawal of commercial content across the digital supply chain. **Veeva Vault Auto Claims Linking** is a capability in Veeva Vault PromoMats that uses AI to suggest links from claims to related references, reducing the administrative burden and risk of managing claims across countries, channels, and assets.
- **Veeva Vault MedComms** enables life sciences companies to streamline the creation, approval, and delivery of medical content and create and maintain a single, validated source of medical content across multiple channels and geographies. Integrated medical inquiry management allows medical

affairs teams to centralize medical inquiries and content to deliver verbal and written communications to healthcare professionals and patients, including approved answers to questions received through a call center or company website.

Veeva Development Cloud

Veeva Development Cloud brings together application suites for the clinical, regulatory, quality, and safety functions of life sciences companies on the Veeva Vault Platform to enable companies to streamline product development life cycles and eliminate manual processes and siloed systems. These applications help life sciences companies achieve greater efficiency and agility in product development, while maintaining regulatory compliance. Our Veeva Development Cloud applications each have a unique data model based on shared content and data, deep functionality, and pre-defined workflows to support industry-specific processes.

The Veeva Development Cloud application suites are:

Veeva Vault Clinical

Veeva Vault Clinical is the industry's first cloud application suite that combines electronic data capture (EDC), clinical trial management (CTMS), electronic trial master file (eTMF), and study start-up applications to unify **clinical data management** and **clinical operations**. Veeva also offers a solution to help clinical research sites seamlessly manage regulatory documents and trial information.

- ***Veeva Vault CDMS*** is a clinical data management solution that includes **Veeva Vault EDC**, **Veeva Vault Coder**, and **Veeva Vault Data Workbench**. Vault CDMS combines coding, EDC, data cleaning, and reporting in a single integrated solution to manage studies and gain a complete view of all clinical data within a trial. Vault EDC and Vault Coder are available today. Vault Data Workbench is planned for availability in 2020.
- ***Veeva Vault CTMS*** is a clinical trial management application that helps unify information and documentation for a “single source of truth” across sponsors, contract research organizations, and investigators to reduce complexity, increase transparency, and speed time to market.
- ***Veeva Vault Payments*** is a complementary application for Vault CTMS that helps manage the payment and reimbursement process to clinical research sites.
- ***Veeva Vault eTMF*** is an electronic trial master file application that manages the repository of documents for active and archived clinical trials for improved inspection readiness, visibility, and control.
- ***Veeva Vault Study Startup*** helps life sciences companies to more efficiently manage the process of activating investigator sites for clinical trials.
- ***Veeva SiteVault*** helps clinical research sites reduce the administrative burden of managing documents and processes for study site qualification and activation with capabilities such as electronic signatures, remote monitoring, certified copy workflows, and reporting. Veeva offers a fully configurable edition called **SiteVault Enterprise** that includes open APIs for integrations, customized reports, and tailored workflows. Veeva also offers a free edition called **SiteVault Free** to provide clinical trial sites of all sizes with a modern cloud solution that helps streamline trial activities with the goal of accelerating clinical research for the life sciences industry overall.

Veeva Vault RIM

Veeva Vault RIM is a suite of applications that provides fully integrated regulatory information management (RIM) capabilities on a single cloud platform.

- **Veeva Vault Submissions** brings together submission content planning and authoring in a single application to help life sciences companies gather and organize documents and content, according to industry-accepted guidelines, that should be included in a regulatory submission to a healthcare authority, such as the U.S. Food and Drug Administration (FDA).
- **Veeva Vault Submissions Archive** stores published submissions and correspondence in a secure, globally accessible repository.
- **Veeva Vault Registrations** enables life sciences companies to manage, track, and report product and registration information worldwide, including registration status, variations, health authority questions and commitments, and certification requests.
- **Veeva Vault Submissions Publishing** provides an integrated solution for dossier publishing that helps speed the preparation and processing time of regulatory submissions.

Veeva Vault Quality

Veeva Vault Quality is the industry's first unified suite of quality applications for life sciences, contract manufacturers, and suppliers to seamlessly manage quality processes and content in a single platform for greater visibility and control.

- **Veeva Vault QualityDocs** enables the creation, review, approval, distribution, and management of controlled documents, such as standard operating procedures, manufacturing recipes, and specifications.
- **Veeva Vault Station Manager** provides manufacturing operators up-to-date documents and video, including critical work instructions and procedures, directly through tablets located at manufacturing stations on the manufacturing floor.
- **Veeva Vault QMS** is a quality management solution that provides best practice processes for deviations, internal and external audits, complaints, lab investigations, change controls, corrective and preventative actions, and proactive management initiatives. **Quality Risk Management** in Vault QMS allows companies to take a proactive approach to monitoring risks and implementing mitigation plans throughout the entire product lifecycle for enhanced product quality and patient safety.
- **Veeva Vault Training** simplifies role-based training within life sciences companies and helps quality teams remain audit-ready and compliant. Companies can efficiently organize, assign, and track content and information so the right people are trained on the right policies and procedures.

Veeva Vault Safety

Veeva Vault Safety is a unified suite of applications that will help the pharmacovigilance and safety departments of life sciences companies increase efficiency and maintain compliance in the management of end-to-end safety processes that includes:

- **Veeva Vault Safety** is a modern application for the collection, management, and real-time oversight of adverse events in a single system.
- **Veeva Vault SafetyDocs** centrally manages pharmacovigilance content for greater operational efficiency and compliance. It enables collaboration within teams and across clinical, quality, regulatory, and other organizations within life sciences companies.
- **Veeva Vault Safety.AI** is an artificial intelligence application that automates case intake to reduce the time and effort of manual data entry for more efficient case processing. Safety.AI is planned for availability in 2020.

Veeva Vault Medical Device Suite

Veeva Vault Medical Device Suite includes the commercial, clinical, quality, and regulatory applications described above to provide manufacturers with greater visibility, collaboration, and speed across the product development life cycle.

Solutions for Regulated Industries Outside of Life Sciences

Our initial applications for customers outside of life sciences address specific content and data management processes within the regulated industries of consumer goods, chemicals, and cosmetics. **Veeva QualityOne** is a robust quality management, document management, and training solution. **Veeva RegulatoryOne** helps companies manage regulatory submission content. **Veeva Claims** addresses the end-to-end product and marketing claims management process.

Professional Services and Support

We also offer professional services to help customers maximize the value of our solutions. Our service teams possess industry expertise, project management capabilities, and deep technical acumen that we believe our customers highly value. Our professional services teams work with our systems integrator partners to deliver projects. We offer the following professional services:

- implementation and deployment planning and project management;
- requirements analysis, solution design and configuration;
- systems environment management and deployment services;
- services focused on advancing or transforming business and operating processes related to Veeva solutions;
- technical consulting services related to data migration and systems integrations;
- training on our solutions; and
- ongoing managed services, such as outsourced systems administration.

We organize our professional services teams by specific expertise so that they can provide advice and support for best industry practices in the research and development and commercial departments of our customers.

Our global systems integrator partners also deliver implementation and selected support services to customers who wish to utilize them. Our systems integrator partners include Accenture, Cognizant Technology Solutions, Deloitte Consulting, and other life sciences specialty firms.

Our Customers

As of January 31, 2020, we served 861 customers. For an explanation of how we define current customers, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Components of Results of Operations.” We deliver solutions to companies throughout the life sciences industry, including pharmaceutical, biotechnology, and medical device companies, contract sales organizations, and contract research organizations. Our life sciences customers range from the largest global pharmaceutical and biotechnology companies such as Bayer AG, Boehringer Ingelheim GmbH, Eli Lilly and Company, Gilead Sciences, Inc., Merck & Co., Inc., and Novartis International AG, to smaller pharmaceutical and biotechnology companies, including Alkermes plc, Grupo Ferrer Internacional S.A., Ironwood Pharmaceuticals, Inc. and LEO Pharma A/S. We also deliver solutions to companies in the following regulated industries outside of life sciences: consumer goods, chemicals, and cosmetics. For our fiscal years ended January 31, 2018, 2019, and 2020, we did not have any single customer that represented more than 10% of our total revenues.

Our Employees

As of January 31, 2020, we employed 3,501 people worldwide. We also engage temporary employees and consultants. Our employees in the United States are not represented by a labor union, however, in certain foreign locations, there are workers' councils that represent our employees. We have not experienced any work stoppages, and we consider our relations with our employees to be very good.

Research and Development

Our R&D organization is responsible for the design, development, and testing of our solutions and applications. Based on customer feedback and needs, we focus our efforts on developing new solutions functionality, applications, and core technologies and further enhancing the usability, functionality, reliability, performance, and flexibility of existing solutions and applications.

Sales and Marketing

We sell our solutions through our direct sales organization. In large life sciences companies, the R&D and commercial business functions commonly have separate technology and business decision makers. Accordingly, we market and sell our solutions to align with the distinct characteristics of those decision makers. We have distinct R&D and commercial sales teams, which we further segment to focus on selling to large global life sciences companies and smaller life sciences companies. We also have a distinct sales team for our sales efforts to companies in regulated industries outside of life sciences.

Technology Infrastructure and Operations

Our solutions utilize a pod-based architecture that allows for scalability, operational simplicity, and security. Our products are hosted in data centers located in the United States, the United Kingdom, the European Union, Japan, and South Korea. We utilize third parties to provide our computing infrastructure and manage the infrastructure on which our solutions operate. For example, for Veeva CRM and certain of our multichannel CRM applications, we utilize the hosting infrastructure provided by salesforce.com. For our Veeva Vault applications, Veeva Network applications, and certain other Veeva Commercial Cloud applications, we utilize Amazon Web Services.

Our infrastructure providers employ advanced measures to ensure physical integrity and security, including redundant power and cooling systems, fire and flood prevention mechanisms, continual security coverage, biometric readers at entry points and anonymous exteriors. We also implement various disaster recovery measures such that data loss would be minimized in the event of a single data center disaster. We architect our solutions using redundant configurations to minimize service interruptions. We continually monitor our solutions for any sign of failure or pending failure, and we take preemptive action to attempt to minimize or prevent downtime.

Our technology is based on multitenant architectures that apply common, consistent management practices for all customers using our solutions. We enable multiple customers to share the same version of our solutions while securely partitioning their respective data. Portions of our multichannel customer relationship management applications are built on the Salesforce1 Platform of salesforce.com inc. Our Veeva Vault applications, Veeva Network, and portions of our other Commercial Cloud applications are built upon our own proprietary platforms. Certain of our other applications rely on technology platforms provided by Amazon Web Services. For example, Veeva Nitro, our commercial data warehouse application, utilizes Amazon Redshift.

Quality and Compliance Program

Veeva maintains a quality management system certified to ISO9001 to ensure process controls conform to established industry standards across our product offerings. To comply with IT healthcare regulations, certain capabilities such as robust audit trail tracking, compliant electronic signature capture, data encryption, and secure access controls must be designed for and embedded in our solutions. In addition to design requirements, our solutions must be thoroughly tested to comply with the regulations that apply to electronic record keeping systems for the life sciences industry, which include:

Regulation	Regulation Description
21 CFR 820.75	U.S. FDA device regulation on system validation
21 CFR 211.68	U.S. FDA pharma GMP regulation on system validation
21 CFR 11	U.S. FDA requirement for maintenance of electronic records
EU Annex 11	EU GMP requirement for maintenance of electronic records
21 CFR 203	Drug sample tracking as required by the Prescription Drug Marketing Act
PFSB Notification, No. 0401022 (Japan)	Use of Electromagnetic Records and Electronic Signatures for Approval of, or License for, Drugs

Each version of our solutions that are subject to regulations that require companies to maintain certain records and submit information to regulators as part of compliance verification undergoes validation testing against these and other relevant standards.

Security Program

Veeva maintains an information security management system certified to ISO 27001 and managed by our Chief Information Security Officer to ensure security controls conform to established standards across both product and infrastructure components. Our solution undergoes internal vulnerability testing prior to release, and we employ a third party to perform penetration and vulnerability tests on our solutions on at least an annual basis. We also obtain independent third-party audit opinions related to security and availability annually, such as SOC 2, Type II reports and ISO 27001 attestation reports. We also require role-based security and security awareness training and have defined security incident response processes.

Privacy Program

Veeva maintains a global privacy program aligned to applicable laws and regulations, including the California Consumer Privacy Act (“CCPA”), the European Union’s General Data Protection Regulation (“GDPR”), the U.S. Health Insurance Portability and Accountability Act (“HIPAA”), and Brazil’s Lei Geral de Proteção de Dados (“LGPD”), which will be effective on August 15, 2020. We have a Chief Privacy Officer, who collaborates with our Chief Information Security Officer and business and product leaders throughout our organization. Veeva maintains an active EU-U.S. Privacy Shield certification and a Swiss-U.S. Privacy Shield certification in order to allow the transfer of EU and Swiss personal data to the United States. Veeva is also registered as a data broker as required by the California Attorney General. In addition, Veeva maintains privacy policies and procedures and requires role-based privacy awareness training. For more information about our privacy practices, please visit veeva.com/privacy.

Competition

The markets for our solutions are global, rapidly evolving, highly competitive, and subject to changing regulations, advancing technology, and shifting customer needs. In new sales cycles, we generally compete with other cloud-based solutions from providers that make applications geared toward the life sciences industry. The principal such competitor for our Veeva Commercial Cloud applications is IQVIA Inc., which offers a CRM application built on the Salesforce1 Platform, various data products, and other applications. No single vendor offers products that compete with all of our Veeva Vault applications, but

IQVIA, Medidata Solutions, Inc. (recently acquired by Dassault Systèmes), OpenText Corporation, Oracle Corporation, and other smaller application providers offer applications that compete with certain of our Veeva Vault applications.

Our Commercial Cloud and Veeva Vault application suites also compete to replace client server-based legacy solutions offered by companies such as Oracle, Microsoft Corporation, and other smaller application providers. Our customers may also choose to use cloud-based applications or platforms that are not life sciences specific—such as Box.com, Amazon Web Services, or Microsoft—for certain of the functions our applications provide.

Our data and data analytics products, including our planned and recently announced Data Cloud offering, compete with IQVIA and other smaller data providers.

We sell certain of our Veeva Vault applications to companies outside the life sciences industry. In this segment of our business, we compete with solutions such as those offered by OpenText, Microsoft, Sparta Systems Inc., EtQ Management Consultants, LLC, Oracle, and Box and custom-built software developed by third-party vendors or in-house by our potential customers.

Our professional services offerings compete with a range of professional services firms.

Some of our actual and potential competitors have advantages over us, such as longer operating histories, significantly greater financial, technical, marketing or other resources, stronger brand and business recognition, larger intellectual property portfolios, and agreements with a broader set of system integrators and other partners. We expect competition to intensify in the future, and we may face competition from new market entrants as well.

We believe the principal competitive factors in our market include the following:

- level of customer satisfaction;
- regulatory compliance verification and functionality;
- domain expertise with respect to life sciences;
- ease of deployment and use of solutions and applications;
- breadth and depth of solution and application functionality;
- brand awareness and reputation;
- modern and adaptive technology platform;
- capability for customization, configurability, integration, security, scalability and reliability of applications;
- total cost of ownership;
- ability to innovate and respond to customer needs rapidly;
- size of customer base and level of user adoption;
- ability to secure the rights to load and process third party proprietary data licensed by customers; and
- ability to integrate with legacy enterprise infrastructures and third-party applications.

We believe that we generally compete favorably on the basis of these factors.

Intellectual Property

We rely on a combination of patents, trade secrets, copyrights and trademarks, as well as contractual protections, to establish and protect our intellectual property rights. We have developed a process for seeking patent protection for our technology innovations. The table below provides a summary of our issued patents and pending patent applications as of January 31, 2020:

Issued U.S. patents (expiring between May 2027 and January 2038)	25
Issued international patents (expiring between April 2025 and June 2037)	11
U.S. and international pending applications	49

Our patents and patent applications cover technology within the following of our product categories: Veeva Commercial Cloud, Veeva Vault Platform, Veeva Vault Clinical, Veeva Vault RIM, Veeva Vault CDMS, and Veeva Vault Safety. We plan to continue expanding our patent portfolio. We require our employees, consultants and other third parties to enter into confidentiality and proprietary rights agreements and control access to software, documentation and other proprietary information. Although we rely on our intellectual property rights, as well as contractual protections to establish and protect our proprietary rights, we believe that factors such as the technological and creative skills of our personnel, creation of new features and functionality and frequent enhancements to our applications are essential to establishing and maintaining our technology leadership position as provider of software solutions and applications to the life sciences industry.

Despite our efforts to protect our proprietary technology and our intellectual property rights, unauthorized parties may attempt to copy or obtain and use our technology to develop applications with the same functionality as our application. Policing unauthorized use of our technology and intellectual property rights is difficult, and protection of our rights through civil enforcement mechanisms may be expensive and time consuming.

Companies in our industry as well as non-practicing entities often own a number of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement, misappropriation or other violations of intellectual property or other rights. We are currently engaged in legal proceedings with competitors in which the competitors are asserting trade secret misappropriation and other claims, and we may face new allegations in the future that we have infringed the patents, trademarks, copyrights, trade secrets and other intellectual property rights of other competitors or non-practicing entities. We expect that we and others in our industry will continue to be subject to third-party infringement claims by competitors as the functionality of applications in different industry segments overlaps, and by non-practicing entities. Any of these third parties might make a claim of infringement against us at any time. For example, see the description of our current litigations in note 15 of the notes to our consolidated financial statements.

Corporate Information

Our website address is <http://www.veeva.com>. Information contained on our website is not incorporated by reference into this Form 10-K, and you should not consider information contained on our website to be part of this Form 10-K or in deciding whether to purchase shares of our Class A common stock. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on the Investors portion of our website at <http://ir.veeva.com> as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

ITEM 1A. RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” together with all of the other information in this report, including our consolidated financial statements and related notes, before investing in our Class A common stock. The risks and uncertainties described below are not the only ones we face. If any of the following risks actually occurs, our business, financial condition, results of operations, and prospects could be materially and adversely affected. In that event, the price of our Class A common stock could decline and you could lose part or all of your investment.

The worldwide outbreak of COVID-19 may negatively impact our business.

The World Health Organization has declared the outbreak of COVID-19, which began in December 2019, to be a pandemic, and the U.S. federal government has declared it a national emergency. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers and our sales cycles, impact on our customers, employee or industry events, and effect on our vendors and partners, all of which are uncertain and cannot be predicted. For example, in response to the COVID-19 outbreak, we have shifted certain of our customer events to virtual-only experiences, and we may be forced to or may deem it advisable to similarly alter, postpone, or cancel entirely additional customer, employee, or industry events in the future. We have also imposed employee travel restrictions and instructed employees in most locations to work from home. Many of our customers have implemented similar measures, which may limit our ability to sell or provide professional services to them. Customers may also delay or cancel purchasing decisions or projects in light of uncertainties to their businesses arising from the COVID-19 outbreak. At this point, the extent to which the COVID-19 outbreak may impact our financial condition or results of operations is uncertain. Due to our subscription-based business model, the effect of the COVID-19 outbreak, and any impact to our sales efforts, may not be fully reflected in our results of operations until future periods, if at all.

In addition, the stock market has been unusually volatile during the COVID-19 outbreak and such volatility may continue. To date, during certain periods of the COVID-19 outbreak, our stock price declined significantly, and such declines may continue to happen.

Risks Related to Our Business

If our security measures are breached or unauthorized access to customer data is otherwise obtained, our solutions may be perceived as not being secure, customers may reduce the use of or stop using our solutions, and we may incur significant liabilities.

Our solutions involve the storage and transmission of our customers’ proprietary information, including personal or identifying information regarding their employees and the medical professionals whom their sales personnel contact, sensitive proprietary data related to the regulatory submission process for new medical treatments, and other sensitive information, which may include personal health information. In addition, Crossix, which we acquired in November 2019, provides technology that processes third-party health and non-health data for U.S. patients. As a result, unauthorized access or security breaches as a result of third-party action, employee error, product defect, malfeasance, or otherwise could result in the loss of information, inappropriate use of or access to information, service interruption, service degradation, outages, service level credits, litigation, indemnity obligations, damage to our reputation, and other liability. While we maintain and continue to improve our security measures, we may be unable to adequately anticipate security threats or to implement adequate preventative measures, in part, because the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target. Moreover, the detection, prevention, and remediation of known or unknown securities vulnerabilities, including those arising from third-party hardware or software, may result in additional direct or indirect costs and management time.

Any or all of these issues could adversely affect our ability to attract new customers, cause existing customers to elect to not renew their subscriptions, result in reputational damage, or subject us to third-party lawsuits, regulatory fines, mandatory disclosures, or other action or liability, which could adversely affect our operating results. Our insurance may not be adequate to cover losses associated with such events, and in any case, such insurance may not cover all of the types of costs, expenses, and losses we could incur to respond to and remediate a security breach. A security breach of another significant provider of cloud-based solutions may also negatively impact the demand for our solutions.

The markets in which we participate are highly competitive, and if we do not compete effectively, our business and operating results could be adversely affected.

The markets for our solutions are highly competitive. In new sales cycles within our largest product categories, we generally compete with other cloud-based solutions from providers that make applications geared toward the life sciences industry. The principal such competitor for our Veeva Commercial Cloud applications is IQVIA Inc., which offers a CRM application built on the Salesforce1 Platform, various data products, and other applications. A significant Veeva CRM customer recently launched a project to implement IQVIA's competitive software offering for portions of its CRM users. The scope of that deployment may expand resulting in further losses of revenue within our Veeva CRM business, or we may lose additional Veeva CRM users or customers in the future. No single vendor offers products that compete with all of our Veeva Vault applications, but IQVIA, Medidata Solutions, Inc. (recently acquired by Dassault Systèmes), OpenText Corporation, Oracle Corporation, and other smaller application providers offer applications that compete with certain of our Veeva Vault applications. Our Commercial Cloud and Veeva Vault application suites also compete to replace client server-based legacy solutions offered by companies such as Oracle, Microsoft Corporation, and other smaller application providers. Our customers may also choose to use cloud-based applications or platforms that are not life sciences specific—such as Box.com, Amazon Web Services, or Microsoft—for certain of the functions our applications provide. Our data and data analytics products, including our planned and recently announced Data Cloud offering, compete with IQVIA and other smaller data providers. Our professional services offerings compete with a range of professional services firms, including at times some of our partners. With the introduction of new technologies, we expect competition to intensify in the future, and we may face competition from new market entrants as well.

Some of our actual and potential competitors have advantages over us, such as longer operating histories, significantly greater financial, technical, marketing or other resources, stronger brand and business recognition, larger intellectual property portfolios, and agreements with a broader set of system integrators and other partners. We also continue to be subject to litigation from our competitors; for example, as disclosed elsewhere in this report, we are in active litigation with IQVIA and Medidata.

If our competitors' products, services or technologies become more accepted than our solutions, if they are successful in bringing their products or services to market earlier than we are, if their products or services are more technologically capable than ours, or if customers replace our solutions with custom-built software, then our revenues could be adversely affected. Pricing pressures and increased competition could result in reduced sales, reduced margins, losses or a failure to maintain or improve our competitive market position, any of which could adversely affect our business. For all of these reasons, we may not be able to compete favorably against our current and future competitors.

If our newer solutions are not successfully adopted by new and existing customers, the growth rate of our revenues and operating results will be adversely affected.

Our continued growth and profitability will depend on our ability to successfully develop and sell new solutions, including solutions we introduced relatively recently and have limited experience selling. It is uncertain whether these newer solutions will continue to grow as a percentage of revenues at a pace significant enough to support our expected overall growth. For example, we do not have experience selling our planned and recently announced Data Cloud product, and we have limited experience selling

our products to companies outside the life sciences industry. We cannot be certain that we will be successful with respect to newer solutions and markets. It may take us significant time, and we may incur significant expense, to effectively market and sell these solutions or to develop other new solutions and make enhancements to our existing solutions. If our newer solutions do not continue to gain traction in the market, or other solutions that we may develop and introduce in the future do not achieve market acceptance in a timely manner, the growth rate of our revenues and operating results will be adversely affected.

Our revenues are relatively concentrated within a small number of key customers, and the loss of one or more of such key customers, or their failure to renew or expand user subscriptions, could slow the growth rate of our revenues or cause our revenues to decline.

In our fiscal years ended January 31, 2018, 2019, and 2020, our top 10 customers accounted for 42%, 39%, and 36%, of our total revenues, respectively. We rely on our reputation and recommendations from key customers in order to promote our solutions to potential customers, which we call "reference selling." The loss of any of our key customers, or a failure of one or more of them to renew or expand user subscriptions for some or all our products, could have a significant impact on the growth rate of our revenues, our reputation, and our ability to obtain new customers. In the event of an acquisition of one of our customers or a business combination between two of our customers, we have in the past and may in the future suffer reductions in user subscriptions or non-renewal of certain or all of their subscription orders. We are also likely to face increasing purchasing scrutiny at the renewal of these large customer subscription orders, which may result in reductions in user subscriptions or increased pricing pressure. The business impact of any of these negative events could be particularly pronounced with respect to our largest customers.

An inability to attract and retain highly skilled employees could adversely affect our business.

To execute our growth plan, we must attract and retain highly qualified employees. Competition for these employees is intense, especially with respect to sales and marketing personnel and engineers with high levels of experience in enterprise software and internet-related services. We have, from time to time, experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with the appropriate level of qualifications. With respect to sales professionals, even if we are successful in attracting highly qualified personnel, it may take six to nine months or longer before they are fully trained and productive. Many of the companies with which we compete for experienced employees have greater resources than we have and may offer compensation packages that are perceived to be better than ours. For example, we offer equity awards to a substantial majority of our job candidates and existing employees as part of their overall compensation package. If the perceived value of our equity awards declines, including as a result of declines in the market price of our Class A common stock or changes in perception about our future prospects, it may adversely affect our ability to recruit and retain highly skilled employees. Additionally, changes in our compensation structure may be negatively received by employees and result in attrition or cause difficulty in the recruiting process. If we fail to attract new employees or fail to retain and motivate our current employees, our business and future growth prospects could be adversely affected.

Defects or disruptions in our solutions could result in diminished demand for our solutions, a reduction in our revenues, and subject us to substantial liability.

We have from time to time found defects in our solutions, and new defects may be detected in the future. In addition, we have experienced, and may in the future experience, service disruptions, degradations, outages, and other performance problems. These types of problems may be caused by a variety of factors, including human or software errors, viruses, cyber-attacks, fraud, spikes in customer usage, problems associated with our third-party computing infrastructure and network providers, infrastructure changes, and denial of service issues. Service disruptions may result from errors we make in delivering, configuring, or hosting our solutions, or designing, installing, expanding, or maintaining our computing

infrastructure. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. It is also possible that such problems could result in losses of customer data.

Since our customers use our solutions for important aspects of their business, any errors, defects, disruptions, service degradations, or other performance problems with our solutions could hurt our reputation and may damage our customers' businesses. If that occurs, our customers may delay or withhold payment to us, cancel their agreements with us, elect not to renew, or make service credit claims, warranty claims, or other claims against us, and we could lose future sales. The occurrence of any of these events could result in diminishing demand for our solutions, a reduction of our revenues, an increase in our bad debt expense or in collection cycles for accounts receivable, or could require us to incur the expense of litigation or substantial liability.

We have experienced rapid growth, and if we fail to manage our growth effectively, we may be unable to execute our business plan.

Since we were founded, we have experienced rapid growth and expansion of our operations. Our revenues, customer count, product and service offerings, countries of operation, facilities, and computing infrastructure needs have all increased significantly, and we expect them to increase in the future. We have also experienced rapid growth in our employee base. As we continue to grow, both organically and through acquisitions, we must effectively integrate, develop, and motivate an increasing number of employees, while executing our growth plan and maintaining the beneficial aspects of our culture. Any failure to preserve our culture could negatively affect our future success, including our ability to attract and retain highly qualified employees and to achieve our business objectives.

Our rapid growth has placed, and will continue to place, a significant strain on our management capabilities, administrative and operational infrastructure, facilities and other resources. We anticipate that additional investments in our facilities and computing infrastructure will be required to scale our operations. To effectively manage growth, we must continue to: improve our key business applications, processes, and computing infrastructure; enhance information and communication systems; and ensure that our policies and procedures evolve to reflect our current operations and are appropriately communicated to and observed by employees. These enhancements and improvements will require additional investments and allocation of valuable management and employee time and resources. Failure to effectively manage growth could result in difficulty or delays in deploying our solutions, declines in quality or customer satisfaction, increases in costs, difficulties in introducing new features or other operational difficulties, and any of these difficulties could adversely impact our business performance and results of operations.

We may acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and adversely affect our operating results.

We have in the past acquired and may in the future seek to acquire or invest in businesses, solutions or technologies that we believe could complement or expand our solutions, enhance our technical capabilities or otherwise offer growth opportunities. For example, in November 2019, we acquired Crossix, a provider of privacy-safe patient data and analytics, and Physicians World, a provider of speakers bureau services for healthcare professionals. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable acquisitions, whether or not they are consummated.

We have limited experience in acquiring other businesses. We may not be able to successfully integrate the acquired personnel, operations, and technologies, or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including:

- inability to integrate or benefit from acquired technologies or services in a profitable manner;
- costs, liabilities, or accounting charges associated with the acquisition;
- difficulty integrating the privacy, data security, and accounting systems, operations, and personnel of the acquired business;
- difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;
- difficulty converting the customers of the acquired business onto our solutions and contract terms, including due to disparities in the revenues, licensing, support, or professional services model of the acquired company;
- diversion of management's attention from other business concerns;
- problems arising from differences in applicable accounting standards or practices of the acquired business (for instance, non-U.S. businesses may not be accustomed to preparing their financial statements in accordance with U.S. GAAP) or difficulty identifying and correcting deficiencies in the internal controls over financial reporting of the acquired business;
- adverse effects to business relationships with our existing business partners and customers as a result of the acquisition;
- difficulty in retaining key personnel of the acquired business;
- use of substantial portions of our available cash to consummate the acquisition;
- use of resources that are needed in other parts of our business; and
- the possibility of investigation by, or the failure to obtain required approvals from, governmental authorities on a timely basis, if at all, under various regulatory schemes, including competition laws, which could, among other things, delay or prevent us from completing a transaction, subject the transaction to divestiture after the fact, or otherwise restrict our ability to realize the expected financial or strategic goals of the acquisition.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired intangible assets and goodwill, which we must assess for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process, which could adversely affect our results of operations. Acquisitions may also result in purchase accounting adjustments, write-offs or restructuring charges, which may negatively affect our results.

Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our operating results. In addition, if an acquired business fails to meet our expectations, our operating results, business, and financial position may suffer.

Our sales cycles can be long and unpredictable, and our sales efforts require considerable investment of time and expense. If our sales cycle lengthens or we invest substantial resources pursuing unsuccessful sales opportunities, our operating results and growth would be harmed.

Our sales process entails planning discussions with prospective customers, analyzing their existing solutions and identifying how these potential customers could use and benefit from our solutions. The sales cycle for a new customer, from the time of prospect qualification to the completion of the first sale, may span 12 months or longer. We have limited history selling our newer solutions. As a result, our

sales cycle for these applications may be lengthy and difficult to predict. In addition, we have only recently begun selling certain of our Veeva Vault solutions to industries outside life sciences. We spend substantial time, effort, and money in our sales efforts without any assurance that our efforts will result in the sale of our solutions. In addition, our sales cycle can vary substantially from customer to customer because of various factors, including the discretionary nature of potential customers' purchasing and budget decisions, the announcement or planned introduction of new solutions by us or our competitors, and the purchasing approval processes of potential customers. If our sales cycle lengthens or we invest substantial resources pursuing unsuccessful sales opportunities, our operating results and growth would be harmed.

Catastrophic events could disrupt our business and adversely affect our operating results.

Our corporate headquarters are located in Pleasanton, California and our third-party hosted computing infrastructure is located in the United States, the European Union, Japan, and South Korea. The west coast of the United States and Japan and South Korea each contain active earthquake zones. Additionally, we rely on our network and third-party infrastructure and enterprise applications, internal technology systems, and our website for our development, marketing, operational support, hosted services, and sales activities. In the event of a major earthquake, hurricane, actual or threatened public health emergency (e.g., COVID-19), or other catastrophic event such as fire, power loss, telecommunications failure, cyber-attack, war, or terrorist attack, we may be unable to continue our operations at full capacity or at all and may experience system interruptions, reputational harm, delays in our solution development, lengthy interruptions in our services, breaches of data security, loss of key employees, and loss of critical data, all of which could have an adverse effect on our future operating results.

Within Veeva Commercial Cloud, our core Veeva CRM application has achieved substantial penetration within the sales teams of pharmaceutical and biotechnology companies. If our efforts to sustain or further increase the use and adoption of our core CRM application do not succeed, the growth of our Veeva Commercial Cloud revenues may be negatively impacted.

In our fiscal year ended January 31, 2020, we derived approximately 52% of our subscription services revenues and approximately 49% of our total revenues from our Veeva Commercial Cloud solutions. A significant percentage of the subscription services revenues for our Veeva Commercial Cloud solutions is derived from subscriptions to our core CRM application. We have, however, realized substantial sales penetration of the available market for our core Veeva CRM application among pharmaceutical and biotechnology companies. If we are not able to sell additional user subscriptions to our core CRM application or if we fail to renew existing subscriptions to our core CRM application, the growth of our Veeva Commercial Cloud revenues may be negatively impacted.

Changes in our senior management team or other key personnel could have a negative effect on our ability to execute our business strategy.

Our success depends in a large part upon the continued service of our senior management team or other key personnel. In particular, our founder and Chief Executive Officer, Peter P. Gassner, is critical to our vision, strategic direction, culture, products, and technology. We do not maintain key-man insurance for Mr. Gassner or any other member of our senior management team. In addition, we have recently announced changes to our senior leadership team. In February 2019, we announced the retirement of Matthew J. Wallach, our President and co-founder, which was effective June 2019. In August 2019, we announced the retirement of our Chief Financial Officer, Timothy S. Cabral, which will take place after his successor is appointed by the Board and is transitioned into the role. We are actively searching for Mr. Cabral's successor. In September 2019, Tom Schwenger joined Veeva as President and Chief Operating Officer. Such leadership transitions can be inherently difficult to manage, and an unsuccessful transition may cause disruption to our business. In addition, change in the senior management team

may create uncertainty among investors concerning Veeva's future direction and performance. Any disruption in our operations or uncertainty around our ability to execute could have an adverse effect on our business, financial condition, or results of operations.

Our business could be adversely affected if our customers are not satisfied with the professional services provided by us or our partners, or with our technical support services.

Our business depends on our ability to satisfy our customers, both with respect to our solutions and the professional services that are performed in connection with the implementation of our solutions, including training our customers' employees on our solutions. Professional services may be performed by us, by a third party, or by a combination of the two. If a customer is not satisfied with the quality of work performed by us or a third party or with the solutions delivered or professional services performed, then we could incur additional costs to address the situation, we may be required to issue credits or refunds for pre-paid amounts related to unused services, the profitability of that work might be impaired and the customer's dissatisfaction with our services could damage our ability to expand the number of solutions subscribed to by that customer. Moreover, negative publicity related to our customer relationships, regardless of its accuracy, may further damage our business by affecting our ability to compete for new business with current and prospective customers.

Once our solutions are deployed, our customers depend on our support organization to resolve technical issues relating to our solutions. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for technical support services. Increased customer demand for our services, without corresponding revenues, could increase costs and adversely affect our operating results. In addition, our sales process is highly dependent on the reputation of our solutions and business and on positive recommendations from our existing customers. Any failure to maintain high-quality technical support, or a market perception that we do not maintain high-quality support, could adversely affect our reputation, our ability to sell our solutions to existing and prospective customers, and our business and operating results.

Sales to customers outside the United States or with international operations expose us to risks inherent in international sales.

In our fiscal year ended January 31, 2020, customers outside North America accounted for approximately 45% of our total revenues. A key element of our growth strategy is to further expand our international operations and worldwide customer base. Operating in international markets requires significant resources and management attention and subjects us to regulatory, economic and political risks that are different from those in the United States. We have limited operating experience in some international markets, and we cannot assure you that our expansion efforts into other international markets will be successful. Our experience in the United States and other international markets in which we already have a presence may not be relevant to our ability to expand in other emerging markets. Our international expansion efforts may not be successful in creating further demand for our solutions outside of the United States or in effectively selling our solutions in the international markets we enter. In addition, we face risks in doing business internationally that could adversely affect our business, including:

- the need and expense to localize and adapt our solutions for specific countries, including translation into foreign languages, and ensuring that our solutions enable our customers to comply with local life sciences industry laws and regulations;
- data privacy laws which require that customer data be stored and processed in a designated territory;
- difficulties in staffing and managing foreign operations, including employee laws and regulations;
- different pricing environments, longer sales cycles and longer accounts receivable payment cycles, and collections issues;

- new and different sources of competition;
- weaker protection for intellectual property and other legal rights than in the United States and practical difficulties in enforcing intellectual property and other rights outside of the United States;
- laws and business practices favoring local competitors;
- compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and regulations, including employment, tax, privacy and data protection, and anti-bribery laws and regulations;
- increased financial accounting and reporting burdens and complexities;
- restrictions on the transfer of funds;
- our ability to repatriate funds from abroad without adverse tax consequences;
- adverse tax consequences, including the potential for required withholding taxes;
- fluctuations in the exchange rates of foreign currency in which our foreign revenues or expenses may be denominated;
- changes in trade relations and trade policy, including the status of trade relations between the United States and China, and the implementation of or changes to trade sanctions, tariffs, and embargoes;
- public health crises, such as epidemics and pandemics, including COVID-19; and
- unstable regional and economic political conditions in the markets in which we operate.

Some of our business partners also have international operations and are subject to the risks described above. Even if we are able to successfully manage the risks of international operations, our business may be adversely affected if our business partners are not able to successfully manage these risks, which could adversely affect our business.

We are subject to governmental export and import controls that could impair our ability to compete in international markets in which our products may not be sold or subject us to liability if we violate the controls.

Our products are subject to U.S. export controls, including the U.S. economic sanctions laws and regulations that prohibit the shipment of certain products and services without the required export authorizations or export to countries, governments, and persons targeted by U.S. sanctions. Under current U.S. export restrictions, our products may not be sold in certain jurisdictions in which certain of our non-U.S. based customers have operations. As a result, such customers may choose to use solutions other than ours. While we take precautions to prevent our products and services from being exported in violation of these laws, we cannot guarantee that the precautions we take will prevent violations of export control and sanctions laws. Violations of U.S. sanctions or export control laws can result in fines or penalties. In the event of criminal knowing and willful violations of these laws, fines and possible incarceration for responsible employees and managers could be imposed.

Our estimate of the market size for our solutions we have provided publicly may prove to be inaccurate, and even if the market size is accurate, we cannot assure you our business will serve a significant portion of the market.

Our estimate of the market size for our solutions that we have provided publicly, sometimes referred to as total addressable market (TAM), is subject to significant uncertainty and is based on assumptions and estimates, including our internal analysis and industry experience, which may not prove to be accurate. These estimates are, in part, based upon the size of the general application areas in which our solutions are targeted. Our ability to serve a significant portion of this estimated market is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and

uncertainties. For example, in order to address the entire TAM we have identified, we must continue to enhance and add functionality to our existing solutions and introduce new solutions. Accordingly, even if our estimate of the market size is accurate, we cannot assure you that our business will serve a significant portion of this estimated market for our solutions.

If we fail to develop widespread brand awareness cost-effectively, our business may suffer.

We believe that developing and maintaining widespread awareness of our brand in a cost-effective manner is critical to achieving widespread acceptance of our solutions, attracting new customers, and generating and maintaining profitability. Currently, our brand may be less recognized by the key decision makers at the potential customers for our newer solutions, especially those solutions for companies in industries other than life sciences. Brand promotion activities may not generate customer awareness or increase revenues, and even if they do, any increase in revenues may not offset the expenses we incur in building our brand. If we fail to successfully promote and maintain our brand, or incur substantial expenses attempting to promote and maintain our brand, we may fail to attract or retain customers necessary to realize a sufficient return on our brand-building efforts or to achieve the widespread brand awareness that is critical for broad customer adoption of our solutions.

Risks Related to the Principal Industry We Serve

Nearly all of our revenues are generated by sales to customers in the life sciences industry, and factors that adversely affect this industry, including mergers within the life sciences industry or regulatory changes, could also adversely affect us.

Nearly all of our sales are to customers in the life sciences industry. Demand for our solutions could be affected by factors that adversely affect the life sciences industry, including:

- The changing regulatory environment of the life sciences industry—Changes in regulations could negatively impact the business environment for our life sciences customers. Healthcare laws and regulations are rapidly evolving and may change significantly in the future. In particular, legislation or regulatory changes regarding the pricing of drugs and other healthcare treatments sold by life sciences companies has continued to be a topic of discussion by political leaders and regulators in the United States and elsewhere.
- Consolidation of companies within the life sciences industry—Consolidation within the life sciences industry has accelerated in recent years, and this trend could continue. We have in the past and may in the future suffer reductions in user subscriptions or non-renewal of customer subscription orders due to industry consolidation. We may not be able to expand sales of our solutions and services to new customers enough to counteract any negative impact of company consolidation on our business. In addition, new companies that result from such consolidation may decide that our solutions are no longer needed because of their own internal processes or alternative solutions. As these companies consolidate, competition to provide solutions and services will become more intense and the importance of establishing relationships with large industry participants will become greater. These industry participants may also try to use their market power to negotiate price reductions for our solutions. If consolidation of our larger customers occurs, the combined company may represent a larger percentage of business for us and, as a result, we are likely to rely more significantly on the combined company's revenues to continue to achieve growth. In addition, if large life sciences companies merge, it would have the potential to reduce per unit pricing for our solutions for the merged companies or to reduce demand for one or more of our solutions as a result of potential personnel reductions over time.
- Bankruptcy within the life sciences industry —Life sciences companies, and in particular our earlier-stage customers with pre-commercial treatments in clinical trials, may be unsuccessful and may subsequently declare bankruptcy.

- Changes in market conditions and practices within the life sciences industry—The expiration of key patents, the implications of precision medicine treatments, changes in the practices of prescribing physicians and patients (including the move to digital means of interaction—from wearables to digital pharmacies, among others), changes with respect to payer relationships, the policies and preferences of healthcare professionals and healthcare organizations with respect to the sales and marketing efforts of life sciences companies, changes in the regulation of the sales and marketing efforts and pricing practices of life sciences companies, and other factors could lead to a significant reduction in sales representatives that use our solutions or otherwise change the demand for our solutions. Changes in public perception regarding the practices of the life sciences industry may result in political pressure to increase the regulation of life sciences companies in one or more of the areas described above, which may negatively impact demand for our solutions.
- Changes in global economic conditions and changes in the global availability of healthcare treatments provided by the life sciences companies to which we sell—Our business depends on the overall economic health of our existing and prospective customers. The purchase of our solutions may involve a significant commitment of capital and other resources. If economic conditions, including the ability to market life sciences products in key markets or the demand for life sciences products globally deteriorates, many of our customers may delay or reduce their IT spending. This could result in reductions in sales of our solutions, longer sales cycles, reductions in subscription duration and value, slower adoption of new technologies, and increased price competition.

Accordingly, our operating results and our ability to efficiently provide our solutions to life sciences companies and to grow or maintain our customer base could be adversely affected as a result of factors that affect the life sciences industry generally.

Our solutions address heavily regulated functions within the life sciences industry, and failure to comply with applicable laws and regulations could lessen the demand for our solutions or subject us to significant claims and losses.

Our customers use our solutions for business activities that are subject to a complex regime of global laws and regulations, including requirements for maintenance of electronic records and electronic signatures (as set forth in 21 CFR Part 11, EU Annex 11, and Japan PFSB Notification No. 0401022), requirements regarding drug sample tracking and distribution (as set forth in 21 CFR Part 203, EU Directive 201/83/EC Article 96), requirements regarding system validations (as set forth in 21 CFR Part 802.75 and 21 CFR Part 211.68), and other laws and regulations. Our solutions are expected to be capable of use by our customers in compliance with such laws and regulations. Our efforts to provide solutions that comply with such laws and regulations are time-consuming and costly and include validation procedures that may delay the release of new versions of our solutions. As these laws and regulations change over time, we may find it difficult to adjust our solutions to comply with such changes.

In addition, there has been a recent trend of increased foreign, federal, and state regulation of payments and transfers of value provided to healthcare professionals or entities. For example, our current and prospective customers may be required to comply with the U.S. federal legislation commonly referred to as the Physician Payments Sunshine Act, enacted as part of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, and its implementing regulations (Sunshine Act). The Sunshine Act requires certain manufacturers of drugs, devices, biologics and medical supplies that are reimbursable under Medicare, Medicaid, or the Children’s Health Insurance Program, with specific exceptions, to report annually to the government information related to certain payments and other transfers of value to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, as well as ownership and investment interests held by the physicians described above and their immediate family members. Our solutions and services targeted at life sciences companies, including, for example, those offered by Physician’s World following our November 2019 acquisition, are used by our customers to assist with their reporting obligations

under the Sunshine Act. If our solutions and services fail to assist our customers to meet such reporting obligations in a timely and accurate manner, demand for our solutions could decrease, which could adversely affect our business.

As we increase the number of products we offer and the number of countries in which we offer solutions, the complexity of adjusting our solutions to comply with legal and regulatory changes will increase. This complexity is exacerbated as emerging countries evolve and enhance their own regulations and regulatory regimens. If we are unable to effectively manage this increase or if we are not able to provide solutions that can be used in compliance with applicable laws and regulations, customers may be unwilling to use our solutions and any such non-compliance could result in the termination of our customer agreements or claims arising from such agreements with our customers.

Additionally, any failure of our customers to comply with laws and regulations applicable to the functions for which our solutions are used could result in fines, penalties, or claims for substantial damages against our customers that may harm our business or reputation. If such failure were allegedly caused by our solutions or services, our customers may make a claim for damages against us, regardless of our responsibility for the failure. We may be subject to lawsuits that, even if unsuccessful, could divert our resources and our management's attention and adversely affect our business and customer relationships, and our insurance coverage may not be sufficient to cover such claims against us.

Increasingly complex data protection and privacy regulations are burdensome, may reduce demand for our solutions, and non-compliance may impose significant liabilities.

Our customers use our solutions to collect, use, process, and store personal data or identifiable information regarding their employees and the medical professionals with whom our customers have contact, and, potentially, personal data (including potentially sensitive data such as health information) regarding patients maintained by our customers pursuant to clinical, regulatory, or quality processes. In many countries, national and local governmental bodies have adopted, are considering adopting, or may adopt laws and regulations regarding the collection, use, processing, storage, and disclosure of personal information obtained from individuals, making compliance an increasingly complex task. Furthermore, our business has expanded into new product areas that now trigger the need to comply with additional regulations.

For example, in the United States, the U.S. Department of Health and Human Services promulgated patient privacy rules under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), that cover protected health information ("PHI") by limiting use and disclosure, giving individuals the right to access, amend, and seek accounting of their PHI, and limiting most use and disclosures of their PHI to the minimum amount reasonably necessary to accomplish the intended purposes. Certain of our customers may be either business associates or covered entities under HIPAA. For example, while HIPAA does not apply to pharmaceutical companies or adverse event reporting, some of our customers may be university hospitals that conduct research as well as provide medical care and do not segregate their IT systems, causing them to fall under the HIPAA regulatory regime. Therefore, we must comply with HIPAA to the extent that PHI is introduced into our solutions by our customers and maintain a HIPAA compliance program. In addition, Crossix, which we acquired in November 2019, provides technology that processes third-party health and non-health data for U.S. patients to generate analytics that are sold to customers, creating de-identified information. With respect to such data, we are required to comply with HIPAA de-identification standards. Certain states have signed into law or are intending to enact laws regarding requirements on de-identified information, and there is some uncertainty regarding those laws' conformity with the HIPAA de-identification standards. Compliance with state laws could require additional investment and management attention and may subject us to significant liabilities if we do not comply appropriately with new and potentially conflicting regulations.

In addition, California enacted the California Consumer Privacy Act of 2018 ("CCPA"), which took effect on January 1, 2020, and which broadly defines personal information, gives California residents

expanded privacy rights and protections, and provides for civil penalties for violations. We are a service provider and business under CCPA for our software solutions and data products, respectively. The implementing regulations are not yet finalized, and there remains uncertainty about the consequences on our solutions. The effects of this legislation are potentially far-reaching and may require us to modify our data management practices and to incur substantial expense in an effort to comply.

We are a data controller and data processor under European General Data Protection Regulation ("GDPR"). With respect to our software solutions, we act as a data processor. We collect and sell a database, via our Veeva OpenData and Veeva Oncology Link solutions, for which we are a data controller. Compliance with GDPR and CCPA has and will continue to require valuable management and employee time and resources, and failure to comply with GDPR or CCPA could include severe penalties and could reduce demand for our solutions.

In addition, we have self-certified under the EU-U.S. and Swiss-U.S. Privacy Shield Frameworks, and we routinely utilize the EU Standard Contractual Clauses, often also referred to as Model Clauses, to ensure that our European customers have the appropriate legal mechanisms in place for their personal data to be accessed within the United States. However, the Privacy Shield Frameworks and the Model Clauses are currently under review by the European Court of Justice. We have also updated our Privacy Shield commitments to specifically cover personal data from the United Kingdom in order to receive personal data from the United Kingdom in reliance on the EU-U.S. Privacy Shield Framework after the Brexit transition period ends on December 31, 2020.

There is also a trend toward countries enacting data localization requirements which are not particularly compatible with the cloud computing model. For example, Russia's localization law (Federal Law No. 242-FZ) requires that the source of data for Russian nationals collected on Russian territory must be stored in Russia. We are also monitoring the impact of China's cyber security law and its related implementation rules, which are not yet finalized. Depending on the final enacted implementation rules, localization of certain types of data and restrictions on cross-border transfers may apply.

Customers expect that our solutions can be used in compliance with such laws and regulations. The functional and operational requirements and costs of compliance with such laws and regulations may adversely impact our business, and failure to enable our solutions to comply with such laws and regulations could lead to significant fines and penalties imposed by regulators, as well as claims by our customers or third parties. Additionally, all of these domestic and international legislative and regulatory initiatives could adversely affect our customers' ability or desire to collect, use, process, and store personal or healthcare-related information using our solutions or to license data products from us, which could reduce demand for our solutions.

If the demand for cloud-based solutions declines, particularly in the life sciences industry, our revenues could decrease and our business could be adversely affected.

The continued expansion of the use of cloud-based solutions, particularly in the life sciences industry, depends on a number of factors, including the cost, performance and perceived value associated with cloud-based solutions, as well as the ability of providers of cloud-based solutions to address and maintain security, privacy, and unique regulatory requirements or concerns. If we or other cloud-based solution providers experience security incidents, loss of customer data, disruptions in delivery or other problems, the market for cloud-based solutions in the life sciences industry, including our solutions, may be adversely affected. If cloud-based solutions do not continue to achieve more widespread adoption in the life sciences industry, or there is a widespread reduction in demand for cloud-based solutions, our revenues could decrease and our business could be adversely affected.

Risks Related to our Reliance on Third Parties

If the third-party providers of healthcare reference data and prescription drug sales data do not allow our customers to upload and use such data in our solutions, the demand for our solutions may decrease, and our business may be negatively impacted.

Many of our customers license healthcare professional and healthcare organization data and data regarding the sales of prescription drugs from third parties such as IQVIA. In order for our customers to upload such data to the Veeva CRM, Veeva Network Customer Master, Veeva Nitro, and other Veeva applications, such third-party data providers typically must consent to such uploads and often require that we enter into agreements regarding our obligations with respect to such data, which include confidentiality obligations and intellectual property rights with respect to such third-party data. We have experienced delays and difficulties in our negotiations with such third-party data providers in the past, and we expect to experience difficulties in the future. For instance, IQVIA currently will not consent to customers using its healthcare professional or healthcare organization data being uploaded to Veeva Network Customer Master and this has negatively affected sales and customer adoption of Veeva Network Customer Master. To date, IQVIA has also restricted customers from uploading any of its data to Veeva Nitro, Veeva Andi, Veeva MedComms, and certain other Veeva applications. Similarly, sales and customer adoption of Veeva OpenData has been negatively impacted by certain restrictions on the use of IQVIA data during customer transitions from IQVIA data to Veeva OpenData. If third-party data providers, particularly IQVIA, do not consent to the uploading and use of their data in our solutions, delay consent, or fail to offer reasonable conditions for the upload and use of their data in our solutions, our sales efforts, solution implementations, and productive use of our solutions by customers, which have been harmed by such actions in the past, may continue to be harmed. Restrictions on the ability of our customers to use third-party data in our solutions may also decrease demand for our solutions or may cause customers to consider purchasing solutions that are not subject to the same restrictions. For example, it has been reported that a significant Veeva CRM customer recently launched a project to implement IQVIA's competitive software offering for portions of its CRM users, in part as a result of concerns about restrictions imposed by IQVIA for the use of IQVIA data in certain Veeva software applications. If these third-party data limitations persist, our business may be negatively impacted.

We rely on third-party providers—including salesforce.com and Amazon Web Services—for computing infrastructure, secure network connectivity, and other technology-related services needed to deliver our cloud solutions. Any disruption in the services provided by such third-party providers could adversely affect our business and subject us to liability.

Our solutions are hosted from and use computing infrastructure provided by third parties, including salesforce.com with respect to Veeva CRM and certain of our multichannel CRM applications, Amazon Web Services with respect to Veeva Vault applications, Veeva Network applications, and certain other Veeva Commercial Cloud applications, and to a lesser extent, other computing infrastructure service providers.

We do not own or control the operation of the third-party facilities or equipment used to provide the services described above. Our computing infrastructure service providers have no obligation to renew their agreements with us on commercially reasonable terms or at all. If we are unable to renew these agreements on commercially reasonable terms, or if one of our computing infrastructure service providers is acquired, we may be required to transition to a new provider and we may incur significant costs and possible service interruption in connection with doing so. In addition, such service providers could decide to close their facilities or change or suspend their service offerings without adequate notice to us. Moreover, any financial difficulties, such as bankruptcy, faced by such service providers may have negative effects on our business, the nature and extent of which are difficult to predict. Since we cannot easily switch computing infrastructure service providers, any disruption with respect to our current providers would impact our operations and our business could be adversely impacted.

Problems faced by our computing infrastructure service providers, including those operated by salesforce.com or Amazon Web Services, could adversely affect the experience of our customers. For example, salesforce.com and Amazon Web Services have experienced significant service outages and may do so again in the future. Additionally, if we fail to manage or react to an increase in demand sufficiently, this could have an adverse effect on our business. For example, a rapid expansion of our business could affect our service levels or cause such systems to fail. Our agreements with third-party computing infrastructure service providers may not entitle us to corresponding service level credits to those we offer to our customers. Any changes in third-party service levels at our computing infrastructure service providers or any related disruptions or performance problems with our solutions could adversely affect our reputation and may damage our customers' stored files, result in lengthy interruptions in our services, or result in potential losses of customer data. Interruptions in our services might reduce our revenues, cause us to issue refunds to customers for prepaid and unused subscriptions, subject us to service level credit claims and potential liability, or adversely affect our renewal rates.

Because key and substantial portions of our multichannel CRM applications are built on salesforce.com's Salesforce1 Platform, we are dependent upon our agreement with salesforce.com to provide these solutions to our customers, and we are bound by the restrictions of this agreement which limits the companies to which we may sell our Veeva CRM solution.

Our Veeva CRM application and certain portions of the multichannel CRM applications that complement our Veeva CRM application are developed on or utilize the Salesforce1 Platform of salesforce.com, and we rely on our agreement with salesforce.com to continue to use the Salesforce1 Platform as combined with the proprietary aspects of our multichannel CRM applications.

Our agreement with salesforce.com expires on September 1, 2025. However, salesforce.com has the right to terminate the agreement in certain circumstances, including in the event of a material breach of the agreement by us, or that salesforce.com is subjected to third-party intellectual property infringement claims based on our solutions (except to the extent based on the Salesforce1 Platform) or our trademarks and we do not remedy such infringement in accordance with the agreement. Also, if we are acquired by specified companies, salesforce.com may terminate the agreement upon notice of not less than 12 months. If salesforce.com terminates our agreement under these circumstances, our customers will be unable to access Veeva CRM and certain other of our multichannel CRM applications. A termination of the agreement would cause us to incur significant time and expense to acquire rights to, or develop, a replacement CRM platform, and we may not be successful in these efforts. Even if we were to successfully acquire or develop a replacement CRM platform, some customers may decide not to adopt the replacement platform and may decide to use a different CRM solution. If we were unsuccessful in acquiring or developing a replacement CRM platform or acquired or developed a replacement CRM platform that our customers do not adopt, our business, operating results and brand may be adversely affected.

Also, if either party elects not to renew the agreement at the end of its September 1, 2025 term or if the agreement is terminated by us as a result of salesforce.com's breach, the agreement provides for a five-year wind-down period in which we would be able to continue providing the Salesforce1 Platform as combined with the proprietary aspects of our solutions to our existing customers but would be limited with respect to the number of additional subscriptions we could sell to our existing customers. After the wind-down period, we would no longer be able to use the Salesforce1 Platform.

Our agreement with salesforce.com provides that we can use the Salesforce1 Platform as combined with our proprietary Veeva CRM application to sell sales automation solutions only to drug makers in the pharmaceutical and biotechnology industries for human and animal treatments, which does not include the medical devices industry or products for non-drug departments of pharmaceutical and biotechnology companies. Sales of the Salesforce1 Platform in combination with our Veeva CRM application to

additional industries would require the review and approval of salesforce.com. Our inability to freely sell our Veeva CRM application outside of drug makers in the pharmaceutical and biotechnology industries may adversely impact our growth.

While our agreement with salesforce.com, subject to certain exceptions, including pre-existing arrangements, provides that salesforce.com will not position, develop, promote, invest in, or acquire applications directly competitive to the Veeva CRM application for sales automation that directly target drug makers in the pharmaceutical and biotechnology industry, or the pharma/biotech industry, our remedy for a breach of this commitment by salesforce.com would be to terminate the agreement, or continue the agreement but be released from our minimum order commitments from the date of salesforce.com's breach forward. While our agreement with salesforce.com also restricts salesforce.com from competing with us with respect to sales opportunities for sales automation solutions for the pharma/biotech industry unless such competition has been pre-approved by salesforce.com's senior management based on certain criteria specified in the agreement, and imposes certain limits on salesforce.com from entering into new arrangements after March 3, 2014 that are similar to ours with other parties with respect to sales automation applications for the pharma/biotech industry, it does not restrict a salesforce.com customer's ability (or the ability of salesforce.com on behalf of a specific salesforce.com customer) to customize or configure the Salesforce1 Platform, and our remedy for a breach of these restrictions by salesforce.com would be to terminate the agreement, or continue the agreement but be released from our minimum order commitments from the date of salesforce.com's breach forward. Some current or potential customers of ours may choose to build custom solutions using the Salesforce1 Platform rather than buying our solutions.

Also, salesforce.com recently announced a strategic partnership with Alibaba, a Chinese company, through which Alibaba will become the exclusive provider of Salesforce in mainland China, Hong Kong, Macau, and Taiwan. The timeframe and exact parameters of changes to salesforce.com offerings in the listed regions has not been announced. Our existing agreement with salesforce.com allows us to sell our CRM solutions to drug makers in the pharmaceutical and biotechnology industries in mainland China, Hong Kong, Macau, and Taiwan, and our right to do so is not impacted by the Alibaba partnership. However, our ability to offer our CRM solutions from data centers located in the listed regions may be limited if salesforce.com does not operate data centers in the listed regions in the future and we do not contract for such data center services from Alibaba. If our inability to offer our CRM solutions from data centers located in the listed regions negatively impacts the performance of our solutions in those regions or causes legal compliance concerns, or if customers in the listed regions prefer their CRM solutions to be hosted from local data centers, our business may be negatively affected.

Our agreement with salesforce.com imposes significant financial commitments on us which we may not be able to meet and which could negatively impact our financial results and liquidity in the future.

Our Veeva CRM application, and certain portions of the multichannel CRM applications that complement our Veeva CRM application, are developed on and/or utilize the Salesforce1 Platform of salesforce.com. Under our agreement, salesforce.com provides the hosting infrastructure and data center for portions of our multichannel CRM applications, as well as the system administration, configuration, reporting, and other platform level functionality. In exchange, we pay salesforce.com a fee. Our agreement with salesforce.com requires that we meet minimum order commitments of \$500 million over the term of the agreement, which ends on September 1, 2025, including "true-up" payments if the orders we place with salesforce.com have not equaled or exceeded the following aggregate amounts within the timeframes indicated: (i) \$250 million from March 1, 2014 to September 1, 2020 and (ii) the full amount of \$500 million by September 1, 2025. See note 15 of the notes to our condensed consolidated financial statements for more information about our on-going minimum fee obligation to salesforce.com. We have met our first minimum order commitment of \$250 million and have a remaining purchase commitment of

\$140.0 million, as of January 31, 2020, that must be made by September 1, 2025. If we are not able to meet the remaining minimum order commitment, the required true-up payments will negatively impact our margins, cash flows, cash balance and financial condition, and our stock price may decline.

We employ third-party licensed software and software components for use in or with our solutions, and the inability to maintain these licenses or the presence of errors in the software we license could limit the functionality of our products and result in increased costs or reduced service levels, which would adversely affect our business.

In addition to our employment of the Salesforce1 Platform through our agreement with salesforce.com, our solutions incorporate or utilize certain third-party software and software components obtained under licenses from other companies. We anticipate that we will continue to rely on such third-party software and development tools from third parties in the future. Although we believe that there are commercially reasonable alternatives to the third-party software we currently license, this may not always be the case, or it may be difficult or costly to replace. Our use of additional or alternative third-party software would require us to enter into license agreements with third parties. In addition, if the third-party software we utilize has errors or otherwise malfunctions, the functionality of our solutions may be negatively impacted and our business may suffer.

Our solutions utilize open source software, and any failure to comply with the terms of one or more of these open source licenses could adversely affect our business.

Our solutions include software covered by open source licenses. The terms of various open source licenses have not been interpreted by U.S. courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market our solutions. By the terms of certain open source licenses, we could be required to release the source code of our proprietary software, and to make our proprietary software available under open source licenses, if we combine our proprietary software with open source software in a certain manner. In the event that portions of our proprietary software are determined to be subject to an open source license, we could be required to publicly release the affected portions of our source code, re-engineer all or a portion of our solutions, or otherwise be limited in the licensing of our solutions, each of which could reduce or eliminate the value of our solutions and services. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with usage of open source software cannot be eliminated and could adversely affect our business.

Risks Related to Our Financial Performance, How We Contract with Customers, and the Financial Position of Our Business

Our historic growth rates of total revenues and subscription services revenues should not be viewed as indicative of our future performance.

While we have experienced significant revenue growth in prior periods, it is not indicative of our future revenue growth. We expect our longer-term revenue growth rate will decline. In our fiscal years ended January 31, 2018, 2019, and 2020, our total revenues grew by 25%, 25%, and 28% respectively, as compared to total revenues from the prior fiscal years. In our fiscal years ended January 31, 2018, 2019, and 2020, our subscription services revenues grew by 27%, 24%, and 29% respectively, as compared to subscription services revenues from the prior fiscal years. Please note that our total revenues and subscription services revenues for the fiscal year ended January 31, 2020 included revenue contribution from Crossix and Physicians World, which we acquired early in the fourth quarter of the fiscal year ended January 31, 2020. Our total revenues and subscription services revenue growth rates have declined in the past and we expect them to decline again in the future. If we are unable to maintain consistent revenue growth, it may adversely impact our profitability and the value of our Class A common stock.

Our results may fluctuate from period to period, which could prevent us from meeting our own guidance or security analyst or investor expectations.

Our results of operations, including our revenues, gross margin, operating margin, profitability, cash flows, calculated billings, and deferred revenue, as well as other metrics we may report, may vary from period to period for a variety of reasons, including those listed elsewhere in this “Risk Factors” section, and period-to-period comparisons of our operating results may not be meaningful. Accordingly, our quarterly results should not be relied upon as an indication of future performance. Additionally, from time to time, we issue guidance and provide commentary regarding our expectations for certain future financial results, including revenues, gross margin, operating margin, profitability, cash flows, calculated billings, deferred revenue, and other metrics on both a near-term and long-term basis. Our guidance is based upon a number of assumptions and estimates that are subject to significant business, economic, and competitive uncertainties that are beyond our control and are based upon assumptions about future business and accounting decisions that may change or be wrong. Our guidance may prove to be incorrect, and actual results may differ from our guidance. Fluctuations in our results or failure to achieve our guidance or security analyst or investor expectations, even if not materially, could cause the price of our Class A common stock to decline substantially, and our investors could incur substantial losses.

The majority of our subscription agreements with our customers are for a term of one year. If our existing customers do not renew their subscriptions annually, or do not buy additional solutions and user subscriptions from us, or renew at lower aggregate fee levels, our business and operating results will suffer.

We derive a significant portion of our revenues from the renewal of existing subscription orders. The majority of our customers’ orders for subscription services have one-year terms. However, more recently and with respect to solutions other than our core sales automation solution and particularly with respect to certain of our Vault applications, we have entered into a number of orders with terms of up to eight years. Our customers have no obligation to renew their subscriptions for our solutions after their orders expire. Thus, securing the renewal of our subscription orders and selling additional solutions and user subscriptions is critical to our future operating results. Factors that may affect the renewal rate for our solutions and our ability to sell additional solutions and user subscriptions include:

- the price, performance, and functionality of our solutions;
- the effectiveness of our professional services;
- the strength of our business relationships with our customers;
- the availability, price, performance, and functionality of competing solutions and services;
- our ability to develop complementary solutions, applications, and services;
- the stability, performance, and security of our hosting infrastructure and hosting services; and
- the business environment of our customers and, in particular, acquisitions of or business combinations between our customers or other business developments that may result in reductions in user subscriptions.

In addition, our customers may negotiate terms less advantageous to us upon renewal, which could reduce our revenues from these customers. As a customer’s total spend on Veeva solutions increases, we expect purchasing scrutiny at renewal to increase as well, which may result in reductions in user subscriptions or increased pricing pressure. Other factors that are not within our control may contribute to a reduction in our subscription services revenues. For instance, our customers may reduce their number of sales representatives, which would result in a corresponding reduction in the number of user subscriptions needed for some of our solutions and thus a lower aggregate renewal fee, or our customers may discontinue clinical trials for which our solutions are being used. If our customers fail to

renew their subscription orders, renew their subscription orders with less favorable terms or at lower fee levels or fail to purchase new solutions, applications, or professional services from us, our revenues may decline or our future revenues may be constrained.

As our costs increase, we may not be able to sustain the level of profitability we have achieved in the past.

We expect our future expenses to increase as we continue to invest in and grow our business. We expect to incur significant future expenditures related to:

- developing new solutions and enhancing our existing solutions, including additional data acquisition costs associated with our planned and recently announced Data Cloud product;
- improving the technology infrastructure, scalability, availability, security, and support for our solutions;
- expanding and deepening our relationships with our existing customer base, including expenditures related to increasing the adoption of our solutions by the R&D departments of life sciences companies;
- sales and marketing, including expansion of our direct sales organization and global marketing programs;
- expansion of our professional services organization;
- employee compensation, including stock-based compensation;
- pending, threatened, or future legal proceedings, certain of which are described in Part II, Item 1. “Legal Proceedings” and note 15 of the notes to our condensed consolidated financial statements, and which we expect to continue to result in significant expense for the foreseeable future;
- international expansion;
- acquisitions and investments; and
- general operations, IT systems, and administration, including legal and accounting expenses related to being a public company.

If our efforts to increase revenues and manage our expenses are not successful, or if we incur costs, damages, fines, settlements, or judgments as a result of other risks and uncertainties described in this report, we may not be able to sustain or increase our historical levels of profitability.

Our revenues and gross margin from professional services fees are volatile and may not increase from quarter to quarter or at all.

We derive a significant portion of our revenue from professional services fees. Our professional services revenues fluctuate from quarter to quarter as a result of the requirements, complexity, and timing of our customers’ implementation projects in our professional services arrangements. Generally, a customer’s ongoing need for professional services decreases as the implementation and full deployment of such solutions is completed. Our customers may also choose to use third parties rather than us for certain professional services related to our solutions. As a result of these and other factors, our professional services revenues may not increase on a quarterly basis in the future or at all. Additionally, the gross margin generated from professional services fees fluctuates based on a number of factors which may vary from period to period, including the average billable hours worked by our billable professional services personnel, our average hourly rates for professional services and the margin on professional services subcontracted to our third-party systems integrator partners. As a result of these and other factors, the gross margin from our professional services may not increase on a quarterly basis in the future or at all.

Because we recognize subscription services revenues ratably over the term of the order for our subscription services, a significant downturn in our business may not be reflected immediately in our operating results, which increases the difficulty of evaluating our future financial performance.

We generally recognize subscription services revenues ratably over the term of an order under our subscription agreements. As a result, a substantial majority of our quarterly subscription services revenues are generated from subscription agreements entered into during prior periods. Consequently, a decline in new subscriptions in any quarter may not affect our results of operations in that quarter but could reduce our revenues in future quarters. Additionally, the timing of renewals or non-renewals of a subscription agreement during any quarter may only affect our financial performance in future quarters. For example, the non-renewal of a subscription agreement late in a quarter will have minimal impact on revenues for that quarter but will reduce our revenues in future quarters. Accordingly, the effect of significant declines in sales and customer acceptance of our solutions may not be reflected in our short-term results of operations, which would make these reported results less indicative of our future financial results. By contrast, a non-renewal occurring early in a quarter may have a significant negative impact on revenues for that quarter and we may not be able to offset a decline in revenues due to non-renewal with revenues from new subscription agreements entered into in the same quarter. In addition, we may be unable to adjust our costs in response to reduced revenues.

Additionally, with respect to certain of our multi-year orders in which fees increase from year to year, we may be required to recognize ratably the total contracted revenue for the entire multi-year term of the order. As a result, in the initial year of such orders, we will recognize more revenue than the fees we invoice for the same period, and in the last year of such orders, we will recognize less revenue than the fees we invoice for the same period. Moreover, such multi-year orders could renew at fees greater than the revenue that was recognized in the last year of the order, which could result in fluctuations in our financial results. Therefore, our reported results could be less indicative of the actual health of our business at the time revenue is reported and may expose us to impaired unbilled accounts receivable if, for example, a customer terminated an otherwise non-cancelable multi-year contract for cause.

Changes in accounting principles may cause previously unanticipated fluctuations in our financial results, and the implementation of such changes may impact our ability to meet our financial reporting obligations.

We prepare our financial statements in accordance with U.S. GAAP which are subject to interpretation or changes by the Financial Accounting Standards Board, or FASB, the Securities and Exchange Commission, or SEC, and other various bodies formed to promulgate and interpret appropriate accounting principles. New accounting pronouncements and changes in accounting principles have occurred in the past and are expected to occur in the future which may have a significant effect on our financial results. For example, we were required to implement Topic 606 in our fiscal year beginning February 1, 2018 that impacted the timing of revenue recognition and commissions expense for certain of our revenue arrangements. Any difficulties in implementation of changes in accounting principles, including the ability to modify our accounting systems, could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us.

Deferred revenue and change in deferred revenue may not be accurate indicators of our future financial results.

Our subscription orders are generally billed at the beginning of the subscription period in annual or quarterly increments, which means the annualized value of such orders may not be completely reflected in deferred revenue at any single point in time. Many of our customers, including many of our large customers, are billed on a quarterly basis and therefore a substantial portion of the value of contracts billed on a quarterly basis will not be reflected in our deferred revenue at the end of any given quarter. Also, particularly with respect to our Veeva Commercial Cloud orders, because the term of orders for

additional end users or applications is commonly less than one year, the annualized value of such orders may not be completely reflected in deferred revenue at any single point in time. We have also agreed from time to time, and may agree in the future, to allow customers to change the renewal dates of their orders to, for example, align more closely with a customer's annual budget process or to align with the renewal dates of other orders placed by other entities within the same corporate control group, or to change payment terms from annual to quarterly, or vice versa. Such changes typically result in an order of less than one year as necessary to align all orders to the desired renewal date and, thus, may result in a lesser increase to deferred revenue than if the adjustment had not occurred. Additionally, changes in renewal dates may change the fiscal quarter in which deferred revenue associated with a particular order is booked. Accordingly, we do not believe that changes on a quarterly basis in deferred revenue, unbilled accounts receivable, or calculated billings, a metric commonly cited by financial analysts, are accurate indicators of the underlying momentum of our business or future revenues. We believe that our subscription revenue guidance and calculated billings guidance for the full fiscal year are the best indicators of the momentum of our business or future revenues. Please note that we define the term calculated billings for any period to mean revenue for the period plus the change in deferred revenue from the immediately preceding period minus the change in unbilled accounts receivable from the immediately preceding period. However, many companies that provide cloud-based software report changes in deferred revenue or calculated billings as key operating or financial metrics, and it is possible that analysts or investors may view these metrics as important. Thus, any changes in our deferred revenue balances or deferred revenue trends, or in the future, our unbilled accounts receivable balances or trends, could adversely affect the market price of our Class A common stock.

Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value added or similar transactional taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our results of operations.

We do not collect sales and use, value added and similar transactional taxes in all jurisdictions in which we have sales and no physical presence, based on our belief that such taxes are not applicable or that we are not required to collect such taxes with respect to the jurisdiction. Sales and use, value added and similar tax laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect and remit such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect such taxes in the future. The U.S. Supreme Court's decision in *South Dakota v. Wayfair, Inc.* may increase that risk by increasing states' ability to assert taxing jurisdiction on out-of-state retailers. Such tax assessments, penalties and interest or future requirements may adversely affect our results of operations. We believe that our financial statements reflect adequate reserves to cover such a contingency, but there can be no assurances in that regard.

Unanticipated changes in our effective tax rate and additional tax liabilities, including as a result of our international operations or implementation of new tax rules, could harm our future results.

We are subject to income taxes in the United States and various foreign jurisdictions (including Australia, Belarus, Belgium, Brazil, Canada, China, France, Germany, Hungary, India, Israel, Italy, Japan, Mexico, Singapore, South Korea, Spain, Switzerland, Thailand, Ukraine, and the United Kingdom) and our domestic and international tax liabilities are subject to the allocation of expenses in differing jurisdictions and complex transfer pricing regulations administered by taxing authorities in various jurisdictions. Tax rates in the jurisdictions in which we operate may change as a result of factors outside of our control or relevant taxing authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. In addition, changes in tax and trade laws, treaties or regulations, or their interpretation or enforcement, have become more unpredictable and may become more stringent, which could have a material adverse effect on our tax position. Forecasting our estimated annual effective tax rate is complex and subject to uncertainty, and there may be material differences between our forecasted and actual tax rates. Our effective tax rate could be adversely affected by changes in the mix of earnings and losses in countries with differing statutory tax rates, certain non-deductible expenses, the valuation of deferred tax assets and liabilities, adjustments to income taxes upon

finalization of tax returns, changes in allowable tax attributes, decision to repatriate non-U.S. earnings for which we have not previously provided for U.S. taxes, and changes in federal, state or international tax laws and accounting principles. Increases in our effective tax rate would reduce our profitability.

Our tax provision could also be impacted by changes in accounting principles and changes in U.S. federal and state or international tax laws applicable to multinational corporations. For example, the Tax Cuts and Jobs Act of 2017 (Tax Act) significantly changes how the U.S. Department of Treasury imposes income taxes on U.S. corporations. We made significant judgments and assumptions in the interpretation of this new law and in our calculations reflected in our financial statements. The U.S. Department of Treasury, the Internal Revenue Service (IRS), and other standard-setting bodies may issue guidance on how the provisions of the Tax Act will be applied or otherwise administered, and additional accounting guidance or interpretations may be issued in the future that is different from our current interpretation. As a further example, the U.S. Supreme Court's decision in *South Dakota v. Wayfair, Inc.* increasing states' ability to assert taxing jurisdiction on out-of-state retailers could result in certain additional jurisdictions asserting that sales and use and other taxes are applicable, which could result in tax assessments, penalties, and interest, and we may be required to collect such taxes in the future.

In addition, other countries are considering fundamental tax law changes. Any changes in taxing jurisdictions' administrative interpretations, decisions, policies, and positions could also impact our tax liabilities. The overall tax environment has made it increasingly challenging for multinational corporations to operate with certainty about taxation in many jurisdictions. The Organization for Economic Co-operation and Development, which represents a coalition of member countries, is supporting changes to numerous long-standing tax rules, including changes to the practice of shifting profits among affiliated entities located in different tax jurisdictions. The increasingly complex global tax environment could have a material adverse effect on our effective tax rate, results of operations, cash flows, and financial condition.

Finally, we have been and may be in the future subject to income tax audits throughout the world. We believe our income, employment and transactional tax liabilities are reasonably estimated and accounted for in accordance with applicable laws and principles, but an adverse resolution of one or more uncertain tax positions in any period could have a material impact on the results of operations for that period.

Currency exchange fluctuations may negatively impact our financial results.

Some of our international agreements provide for payment denominated in local currencies, and the majority of our local costs are denominated in local currencies. As we continue to expand our operations in countries outside the United States, an increasing proportion of our revenues and expenditures in the future may be denominated in foreign currencies. Fluctuations in the value of the U.S. dollar versus foreign currencies may impact our operating results when translated into U.S. dollars. Thus, our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Euro, British Pound Sterling, Japanese Yen, and Chinese Yuan, and may be adversely affected in the future due to changes in foreign currency exchange rates. Changes in exchange rates may negatively affect our revenues and other operating results as expressed in U.S. dollars in the future. Further, we have experienced and will continue to experience fluctuations in our net income as a result of transaction gains or losses related to revaluing certain current asset and current liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded.

We engage in the hedging of our foreign currency transactions and may, in the future, hedge selected significant transactions or net monetary exposure positions denominated in currencies other than the U.S. dollar. The use of such hedging activities may not offset any or more than a portion of the adverse

financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

If we are unable to implement and maintain effective internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports.

As a public company, we are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley Act) requires that we evaluate and determine the effectiveness of our internal controls over financial reporting and provide a management report on internal controls over financial reporting. The Sarbanes-Oxley Act also requires that our management report on internal controls over financial reporting be attested to by our independent registered public accounting firm.

Many of the internal controls we have implemented pursuant to the Sarbanes-Oxley Act are process controls with respect to which a material weakness may be found whether or not any error has been identified in our reported financial statements. This may be confusing to investors and result in damage to our reputation, which may harm our business. Additionally, the proper design and assessment of internal controls over financial reporting are subject to varying interpretations, and, as a result, application in practice may evolve over time as new guidance is provided by regulatory and governing bodies and as common practices evolve. This could result in continuing uncertainty regarding the proper design and assessment of internal controls over financial reporting and higher costs necessitated by ongoing revisions to internal controls.

We must continue to monitor and assess our internal control over financial reporting. If in the future we have any material weaknesses, we may not detect errors on a timely basis and our financial statements may be materially misstated. Additionally, if in the future we are unable to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, are unable to assert that our internal controls over financial reporting are effective, identify material weaknesses in our internal controls over financial reporting, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our Class A common stock could be adversely affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

We have broad discretion in the use of our cash balances and may not use them effectively.

We have broad discretion in the use of our cash balances and may not use them effectively. The failure by our management to apply these funds effectively could adversely affect our business and financial condition. Pending their use, we may invest our cash balances in a manner that does not produce income or that loses value. Our investments may not yield a favorable return to our investors and may negatively impact the price of our Class A common stock.

Risks Related to Our Intellectual Property

We have been and may in the future be sued by third parties for alleged infringement of their proprietary rights or misappropriation of intellectual property and we may suffer damages or other harm from such proceedings.

There is considerable patent and other intellectual property development activity in our industry. Our competitors, as well as a number of other entities and individuals, including so-called non-practicing entities, or NPEs, may own or claim to own intellectual property relating to our solutions. From time to time, third parties may claim that we are infringing upon their intellectual property rights or that we have misappropriated their intellectual property. For example, since January 2017, we have been defending

against assertions of trade secret misappropriation made by our competitors, Medidata and IQVIA, as described in note 15 of the notes to our condensed consolidated financial statements. As competition in our market grows, the possibility of patent infringement and other intellectual property claims against us increases. In the future, we expect others to claim that our solutions and underlying technology infringe or violate their intellectual property rights. We may be unaware of the intellectual property rights that others may claim cover some or all of our technology or services. Any claims or litigation have caused and in the future could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our services, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or business partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications or refund fees, which could be costly. Any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations even if we were to ultimately prevail in such litigation.

Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.

Our success and ability to compete depend in part upon our intellectual property. As of January 31, 2020, we have filed numerous domestic and foreign patent applications and have been issued 25 U.S. patents and 11 international patents. We also rely on copyright, trade secret and trademark laws, trade secret protection and confidentiality or license agreements with our employees, customers, partners and others to protect our intellectual property rights. However, the steps we take to protect our intellectual property rights may be inadequate.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Negative publicity related to a decision by us to initiate such enforcement actions against a customer or former customer, regardless of its accuracy, may adversely impact our other customer relationships or prospective customer relationships, harm our brand and business and could cause the market price of our Class A common stock to decline. Our failure to secure, protect and enforce our intellectual property rights could adversely affect our brand and our business.

Risks Related to Ownership of Our Class A Common Stock

Our Class A common stock price has been and will likely continue to be volatile.

The trading price of our Class A common stock has been and will likely continue to be volatile for the foreseeable future. In addition, the trading prices of the securities of technology companies have been highly volatile. Accordingly, the market price of our Class A common stock is likely to be subject to wide fluctuations in response to numerous factors, many of which are beyond our control. In addition to those risks described in this “Risk Factors” section, other factors could impact the value of our common stock, including:

- fluctuations in the valuation of companies perceived by investors to be comparable to us, such as high-growth or cloud companies, or in valuation metrics, such as our price to revenues ratio;
- overall performance of the stock market;

- changes in our financial, operating or other metrics, regardless of whether we consider those metrics as reflective of the current state or long-term prospects of our business, and how those results compare to securities analyst expectations, including whether those results fail to meet, exceed, or significantly exceed securities analyst expectations;
- changes in the forward-looking estimates of our financial, operating, or other metrics, how those estimates compare to securities analyst expectations, or changes in recommendations by securities analysts that follow our Class A common stock;
- announcements of customer additions and customer cancellations or delays in customer purchases;
- the net increase in the number of customers, either independently or as compared to published expectations of industry, financial or other analysts that cover us;
- announcements by us or by our competitors of technological innovations, new solutions, enhancements to services, strategic alliances or significant agreements;
- announcements by us or by our competitors of mergers or other strategic acquisitions or rumors of such transactions involving us or our competitors;
- the economy as a whole and market conditions within our industry and the industries of our customers;
- macroeconomic and geopolitical factors and instability and volatility in the global financial markets, including uncertainty surrounding the effects of COVID-19 and Brexit;
- trading activity by directors, executive officers and significant stockholders, or the perception in the market that the holders of a large number of shares intend to sell their shares;
- the operating performance and market value of other comparable companies;
- changes in legislation relating to our existing or future solutions;
- securities or industry analysts downgrading our Class A common stock or publishing inaccurate or unfavorable research about our business; and
- any other factors discussed herein.

In addition, if the market for technology stocks or the stock market in general experiences uneven investor confidence, the market price of our Class A common stock could decline for reasons unrelated to our business, operating results or financial condition. The market price of our Class A common stock might also decline in reaction to events that affect other companies within, or outside, our industry even if these events do not directly affect us. Some companies that have experienced volatility in the trading price of their stock have been the subject of securities class action litigation. If we are the subject of such litigation, it could result in substantial costs and a diversion of our management's attention and resources.

The dual class structure of our common stock has the effect of concentrating voting control with certain individuals and their affiliates, which will limit or preclude the ability of our investors to influence corporate matters and could depress the market value of our Class A common stock.

Our Class B common stock has ten votes per share, and our Class A common stock has one vote per share. As of January 31, 2020, stockholders who hold shares of Class B common stock, including our executive officers and directors and their affiliates, together hold approximately 53.2% of the voting power of our outstanding capital stock. Because of the ten-to-one voting ratio between our Class B common stock and Class A common stock, the holders of our Class B common stock collectively control a substantial majority of the combined voting power of our common stock and, assuming no material sales of such shares, will be able to control all matters submitted to our stockholders for approval until October 15, 2023, including the election of directors, amendments of our organizational documents and

any merger, consolidation, sale of all or substantially all of our assets or other major corporate transaction. This concentrated control will limit or preclude our investors' ability to influence corporate matters for the foreseeable future. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock or may adversely affect the market price of our Class A common stock.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. If, for example, our executive officers (including our Chief Executive Officer), employees, directors and their affiliates retain a significant portion of their holdings of Class B common stock for an extended period of time, they could, in the future, continue to control a majority of the combined voting power of our Class A common stock and Class B common stock.

In addition, S&P Dow Jones and FTSE Russell have announced changes to their eligibility criteria for inclusion of shares of public companies with multiple classes of stock on certain indices, including the S&P 500. While this has not affected the inclusion of Veeva's Class A common stock in these indices to date, eligibility criteria of these indices and others may change in the future. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our common stock may prevent the inclusion of our Class A common stock in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for our Class A common stock. Any actions or publications by shareholder advisory firms or other third-party ratings agencies critical of our corporate governance practices, capital structure, or other business practices could also adversely affect the value of our Class A common stock.

We do not intend to pay dividends on our capital stock for the foreseeable future, so any returns will be limited to changes in the value of our Class A common stock.

We have never declared or paid any cash dividends on our capital stock. We currently anticipate that we will retain future earnings for the development, operation, and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. In addition, our ability to pay cash dividends on our capital stock may be prohibited or limited by the terms of any future debt financing arrangement. Any return to stockholders will therefore be limited to the increase, if any, of the price of our Class A common stock.

Future sales and issuances of our common stock or rights to purchase common stock, including pursuant to our equity incentive plans, could result in additional dilution of the percentage ownership of our stockholders and could cause the stock price of our Class A common stock to decline.

In the future, we may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. We expect to issue securities to employees and directors pursuant to our equity incentive plans. If we sell common stock, convertible securities or other equity securities in subsequent transactions, or common stock is issued pursuant to equity incentive plans, our investors may be materially diluted. New investors in such subsequent transactions could gain rights, preferences and privileges senior to those of holders of our common stock, including our Class A common.

Sales of a substantial number of shares of our common stock in the public market, or the perception that they might occur, could cause the price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class A common stock in the public market, or the perception that these sales might occur, could cause the market price of our Class A common stock to decline or make it more difficult for you to sell your common stock at a time and price that you deem appropriate and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales, or the perception that our shares may be available for sale, will have on the prevailing market price of our Class A common stock.

In addition, as of January 31, 2020, we had options outstanding that, if exercised, would result in the issuance of additional shares of Class A or Class B common stock. Our Class B common stock converts into Class A common stock on a one-for-one basis. As of January 31, 2020, we had restricted stock units outstanding which may vest in the future and result in the issuance of additional shares of Class A common stock. Our unexercised stock options and unvested restricted stock units, as of January 31, 2020, are described in note 13 of the notes to our condensed consolidated financial statements. All of the shares of Class A common stock issuable upon the exercise of options (or upon conversion of shares of Class B common stock issued upon the exercise of options) or upon the vesting of restricted stock units have been registered for public resale under the Securities Act of 1933, as amended, or the Securities Act. Accordingly, these shares will be able to be freely sold in the public market upon issuance as permitted by any applicable vesting requirements.

Provisions in our restated certificate of incorporation and amended and restated bylaws and Delaware law might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the market price of our Class A common stock.

Our restated certificate of incorporation and amended and restated bylaws contain provisions that could depress the market price of our Class A common stock by acting to discourage, delay or prevent a change in control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions among other things:

- establish a classified board of directors so that not all members of our board are elected at one time;
- provide for a dual class common stock structure, which gives our Chief Executive Officer, directors, executive officers, greater than 5% stockholders and their respective affiliates the ability to control the outcome of all matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A and Class B common stock;
- permit the board of directors to establish the number of directors;
- provide that directors may only be removed “for cause” and only with the approval of 66 2/3% of our stockholders;
- require super-majority voting to amend some provisions in our restated certificate of incorporation and amended and restated bylaws;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter or repeal our amended and restated bylaws; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, Section 203 of the Delaware General Corporation Law may discourage, delay or prevent a change in control of our company. Section 203 imposes certain restrictions on merger, business combinations and other transactions between us and holders of 15% or more of our common stock.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law or any action asserting a claim against us that is governed by the internal affairs doctrine. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees and may discourage these types of lawsuits. Alternatively, if a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results, and financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We own our Pleasanton, California corporate headquarters, which currently accommodates our principal executive, development, engineering, marketing, business development, employee success, finance, legal, information technology and administrative activities. We expect that our corporate headquarters will support the overall growth of our business for the near term.

We also lease offices in various locations, including North America, Europe, Asia Pacific, and Latin America. We expect to expand our facilities capacity in certain field locations during our fiscal year ending January 31, 2021 and may further expand our facilities capacity after January 31, 2021 as our employee base grows. We believe that we will be able to obtain additional space on commercially reasonable terms. See note 12 of the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for more information about our lease commitments.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may be involved in legal proceedings and subject to claims incident to the ordinary course of business. For information regarding certain current legal proceedings, see note 15 of the notes to our consolidated financial statements, which is incorporated herein by reference.

California Non-Compete Matter.

On July 17, 2017, we filed a complaint in the Superior Court of the State of California in the County of Alameda against Medidata, IQVIA, and Sparta Systems, Inc. (Veeva Systems Inc. v. Medidata Solutions, Inc., Quintiles IMS Incorporated, IMS Software Services, LTD., and Sparta Systems, Inc., Case No. RG17868081). Our lawsuit seeks declaratory and injunctive relief concerning the use of non-compete, confidentiality, and non-disparagement agreements by these companies. Since the original complaint was filed, there has been extensive motion practice. Medidata and Sparta have appealed the superior court's decisions finding that the case may proceed, and Veeva has cross-appealed. The court has not ruled on these appeals.

On October 31, 2019, as to Veeva's claims against IQVIA, the trial court's earlier dismissal was reversed by the court of appeals and the case was reassigned to a new trial court judge. On February 26, 2020, IQVIA answered our complaint. A hearing as to IQVIA's motion to stay the case pending the outcome of the appeals file by Medidata and Sparta and Veeva's motion to dismiss certain affirmative defenses in IQVIA's answer to our complaint is set for April 22, 2020.

On December 03, 2019, IQVIA filed an action against Veeva and a former employee in the United States District Court for the District of Maryland entitled IQVIA Inc. v. Kahn, et. al., Case No. 8:19-cv-03462-DKC. This case alleges that Veeva's California lawsuit (and California law generally outlawing contracts in restraint of trade) violate the United States Constitution's Commerce Clause. The case also alleges state law contract and tort claims arising from Veeva's employment of an employee whom IQVIA contends is its former employee. Veeva filed a motion to dismiss, IQVIA amended its complaint, and Veeva has answered this amended complaint. On March 5, 2020, IQVIA moved for a preliminary injunction. The District Court has since ordered the parties to brief the issue of whether it has subject matter jurisdiction over the case. No hearing dates have been set.

Although the results of legal proceedings and claims cannot be predicted with certainty, we believe we are not currently a party to any other legal proceedings, the outcome of which, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows, or financial position. Regardless of the outcome, such proceedings can have an adverse impact on us because of defense and settlement costs, diversion of resources and other factors, and there can be no assurances that favorable outcomes will be obtained.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Price of Class A Common Stock

Our Class A common stock is listed on the New York Stock Exchange under the symbol "VEEV."

Stockholders

As of January 31, 2020, we had 12 holders of record of our Class A common stock and 45 holders of record of our Class B common stock. The actual number of holders of Class A common stock is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Recent Sales of Unregistered Securities

None.

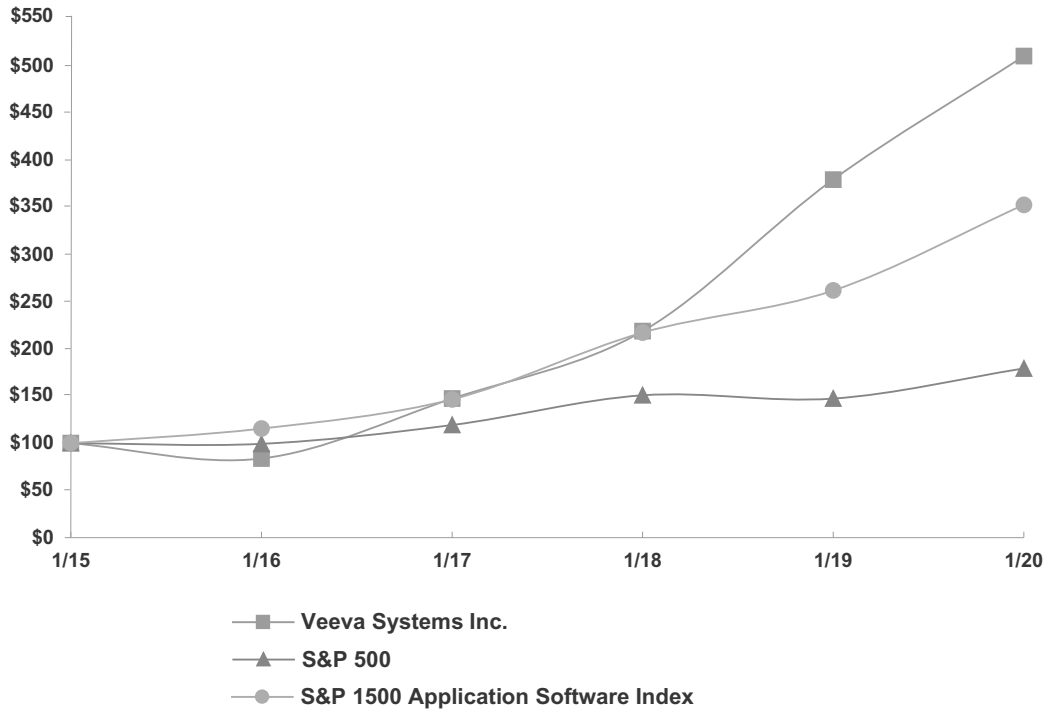
Stock Performance Graph

This performance graph shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or incorporated by reference into any of our other filings under the Exchange Act or the Securities Act except to the extent we specifically incorporate it by reference into such filing.

This chart compares the cumulative total return on our common stock with that of the S&P 500 Index and the S&P 1500 Application Software Index. The chart assumes \$100 was invested at the close of market on January 31, 2015 in the Class A common stock of Veeva Systems Inc., the S&P 500 Index, and the S&P 1500 Application Software Index and assumes the reinvestment of any dividends. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Veeva Systems Inc., the S&P 500 Index,
and S&P 1500 Application Software Index



* \$100 invested on 1/31/15 in stock or index, including reinvestment of dividends.
Fiscal year ending January 31.

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	1/31/2015	1/31/2016	1/31/2017	1/31/2018	1/31/2019	1/31/2020
Veeva Systems Inc.	100.00	83.80	147.18	218.57	379.21	509.77
S&P 500	100.00	99.33	119.24	150.73	147.24	179.17
S&P 1500 Application Software Index	100.00	115.47	146.41	217.10	261.67	352.46

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with our audited consolidated financial statements and related notes thereto and with Management's Discussion and Analysis of Financial Condition and Results of Operations, which are included elsewhere in this Form 10-K. The consolidated statement of income data for our fiscal years ended January 31, 2020, 2019 and 2018, and the selected consolidated balance sheet data as of January 31, 2020 and 2019 are derived from, and are qualified by reference to, the audited consolidated financial statements included in this Form 10-K. The consolidated statement of income data for fiscal years ended January 31, 2017 and 2016 and the consolidated balance sheet data as of January 31, 2018, 2017 and 2016 are derived from audited consolidated financial statements which are not included in this Form 10-K. The consolidated balance sheet data as of January 31, 2018, 2017, and 2016 and consolidated statement of income data for the fiscal years ended January 31, 2018 and 2017 have been derived from our audited consolidated financial statements adjusted for the adoption of Topic 606. The consolidated statement of income data for the fiscal year ended January 31, 2016 is derived from our audited financial statements and has not been adjusted for Topic 606. Our historical results are not necessarily indicative of our future results. The selected consolidated financial data in this section are not intended to replace our consolidated financial statements and the related notes, and are qualified in their entirety by the consolidated financial statements and related notes included elsewhere in this Form 10-K.

	Fiscal Year Ended January 31,				
	2020	2019	2018	2017	2016
(in thousands, except share data)					
Consolidated Statements of Income Data:					
Revenues:					
Subscription services	\$ 896,294	\$694,467	\$559,434	\$440,815	\$316,314
Professional services and other	207,787	167,743	131,125	109,727	92,907
Total revenues	<u>1,104,081</u>	<u>862,210</u>	<u>690,559</u>	<u>550,542</u>	<u>409,221</u>
Cost of revenues ⁽¹⁾ :					
Cost of subscription services	136,328	117,009	110,465	94,386	71,180
Cost of professional services and other	167,041	128,272	100,957	79,295	71,034
Total cost of revenues	<u>303,369</u>	<u>245,281</u>	<u>211,422</u>	<u>173,681</u>	<u>142,214</u>
Gross profit	<u>800,712</u>	<u>616,929</u>	<u>479,137</u>	<u>376,861</u>	<u>267,007</u>
Operating expenses ⁽¹⁾ :					
Research and development	209,895	158,783	132,017	96,743	65,976
Sales and marketing	190,331	148,867	128,781	110,634	80,984
General and administrative	114,267	86,413	60,410	48,796	41,458
Total operating expenses	<u>514,493</u>	<u>394,063</u>	<u>321,208</u>	<u>256,173</u>	<u>188,418</u>
Operating income	286,219	222,866	157,929	120,688	78,589
Other income (expense), net	27,478	15,777	7,842	1,667	28
Income before income taxes	313,697	238,643	165,771	122,355	78,617
Provision for income taxes	12,579	8,811	14,594	44,783	24,157
Net income	<u>\$ 301,118</u>	<u>\$229,832</u>	<u>\$151,177</u>	<u>\$ 77,572</u>	<u>\$ 54,460</u>
Net income, basic and diluted	<u>\$ 301,118</u>	<u>\$229,832</u>	<u>\$151,177</u>	<u>\$ 77,569</u>	<u>\$ 54,413</u>
Net income per share:					
Basic	<u>\$ 2.04</u>	<u>\$ 1.59</u>	<u>\$ 1.08</u>	<u>\$ 0.57</u>	<u>\$ 0.41</u>
Diluted	<u>\$ 1.90</u>	<u>\$ 1.47</u>	<u>\$ 0.98</u>	<u>\$ 0.53</u>	<u>\$ 0.38</u>
Weighted-average shares used to compute earnings per share:					
Basic	<u>147,796</u>	<u>144,244</u>	<u>140,311</u>	<u>135,698</u>	<u>132,020</u>
Diluted	<u>158,296</u>	<u>156,117</u>	<u>153,681</u>	<u>147,578</u>	<u>144,977</u>

(1) Includes stock-based compensation as follows:

Cost of revenues:					
Cost of subscription services	\$ 2,638	\$ 1,553	\$ 1,448	\$ 1,109	\$ 563
Cost of professional services and other	17,518	10,575	8,476	6,002	3,858
Research and development	37,001	22,138	17,782	11,937	7,249
Sales and marketing	27,537	18,381	16,288	13,271	6,861
General and administrative	31,212	23,778	10,055	8,479	5,727
Total stock-based compensation	<u>\$115,906</u>	<u>\$76,425</u>	<u>\$54,049</u>	<u>\$40,798</u>	<u>\$24,258</u>

	As of January 31,				
	2020	2019	2018	2017	2016
(in thousands)					
Consolidated Balance Sheet Data:					
Cash and cash equivalents	\$ 476,733	\$ 550,971	\$ 320,183	\$217,606	\$132,179
Short-term investments	610,015	539,190	441,779	301,266	214,024
Working capital	979,952	1,032,392	706,252	472,885	315,990
Total assets	2,271,777	1,653,766	1,230,333	938,946	723,324
Deferred revenue	468,887	356,357	266,939	208,588	157,419
Additional paid-in capital	745,475	617,623	515,272	439,658	361,691
Total stockholders' equity	1,665,594	1,237,749	906,238	678,154	521,981

* The summary consolidated financial data for the years ended January 31, 2020, 2019, 2018, and 2017 and as of January 31, 2020, 2019, 2018, 2017, and 2016 reflects the adoption of Topic 606 and ASU 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income." The summary consolidated financial data for the year ended January 31, 2016 does not reflect the adoption of Topic 606 or ASU 2018-02.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our "Selected Consolidated Financial Data" and our consolidated financial statements and notes thereto appearing elsewhere in this Form 10-K. In addition to historical consolidated financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results could differ materially from those anticipated by these forward-looking statements as a result of many factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this Form 10-K, including those set forth under "Risk Factors" and "Special Note Regarding Forward-Looking Statements."

Overview

Veeva is the leading provider of industry cloud solutions for the global life sciences industry. We were founded in 2007 on the premise that industry-specific cloud solutions could best address the operating challenges and regulatory requirements of life sciences companies. Our solutions are designed to meet the unique needs of our customers and their most strategic business functions—from research and development to commercialization. Our solutions are designed to help life sciences companies develop and bring products to market faster and more efficiently, market and sell more effectively, and maintain compliance with government regulations.

In our fiscal year ended January 31, 2020, we derived approximately 52% and 48% of our subscription services revenues and 49% and 51% of our total revenues from our Veeva Commercial Cloud solutions and Veeva Vault solutions, respectively. The contribution of subscription services revenues and total revenues associated with our Veeva Vault solutions are expected to continue to increase as a percentage of subscription services revenues and total revenues in the future. Please note that revenues attributable to our recently acquired businesses will be classified under Veeva Commercial Cloud, which will, therefore, impact the mix of revenues between Veeva Commercial Cloud and Veeva Vault. We also offer certain of our Veeva Vault solutions to three industries outside the life sciences industry primarily in North America and Europe.

For our fiscal years ended January 31, 2020, 2019, and 2018, our total revenues were \$1,104.1 million, \$862.2 million and \$690.6 million, respectively, representing year-over-year growth in total revenues of 28% in fiscal year ended January 31, 2020 and 25% in fiscal year ended January 31, 2019. For our fiscal years ended January 31, 2020, 2019, and 2018, our subscription services revenues were \$896.3 million, \$694.5 million, and \$559.4 million, respectively, representing year-over-year growth in subscription services revenues of 29% in fiscal year ended January 31, 2020 and 24% in fiscal year ended January 31, 2019. We expect the growth rate of our total revenues and subscription services revenues to decline in the future. We generated net income of \$301.1 million, \$229.8 million, and \$151.2 million for our fiscal years ended January 31, 2020, 2019, and 2018, respectively.

As of January 31, 2020, 2019, and 2018, we served 861, 719, and 625 customers, respectively. As of January 31, 2020 and 2019, we had 390 and 335 Veeva Commercial Cloud customers, respectively, and 715 and 574 Veeva Vault customers, respectively. The combined customer counts for Veeva Commercial Cloud and Veeva Vault exceed the total customer count in each year because some customers subscribe to products in both areas. Veeva Commercial Cloud customers are those customers that have at least one of the following products: Veeva CRM, Veeva CLM, Veeva CRM Approved Email, Veeva CRM Engage, Veeva Align, Veeva CRM Events Management, Veeva Nitro, Veeva Andi, Veeva OpenData, Veeva Oncology Link, or Veeva Network Customer Master. Note that net new customers from Crossix and Physicians World are included in Veeva Commercial Cloud. Veeva Vault customers are those customers that have at least one Vault product. Many of our Veeva Vault

applications are used by smaller, earlier stage pre-commercial companies, some of which may not reach the commercialization stage. Thus, the potential number of Veeva Vault customers is significantly higher than the potential number of Veeva Commercial Cloud customers.

On November 1, 2019, we completed our acquisition of Crossix, a provider of privacy-safe patient data and analytics. Crossix brings Veeva additional depth in patient data and data analytics, and we are integrating Crossix with our Veeva CRM and OpenData products. Further, on November 7, 2019, we completed our acquisition of Physicians World, a provider of speakers bureau services for healthcare professionals. Acquiring Physicians World makes it easier for our customers to get industry leading cloud software and services from a single vendor. While we expect these acquisitions to support the continued growth of our Commercial Cloud solutions, we may encounter difficulties integrating these businesses and we may not retain existing Crossix and Physicians World customers and key Crossix and Physicians World employees to the extent we expect, which could adversely affect our business. For further details on our recently acquired businesses, please refer to note 2 to the notes of our consolidated financial statements.

The World Health Organization has declared the outbreak of COVID-19, which began in December 2019, to be a pandemic, and the U.S. federal government has declared it a national emergency. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers and our sales cycles, impact on our customer, employee or industry events, and effect on our vendors and partners, all of which are uncertain and cannot be predicted. For example, in response to the COVID-19 outbreak, we have shifted certain of our customer events to virtual-only experiences, and we may be forced to or may deem it advisable to similarly alter, postpone, or cancel entirely additional customer, employee, or industry events in the future. We have also imposed employee travel restrictions and instructed employees in most locations to work from home. Many of our customers have implemented similar measures, which may limit our ability to sell or provide professional services to them. Customers may also delay or cancel purchasing decisions or projects in light of uncertainties to their businesses arising from the COVID-19 outbreak. At this point, the extent to which the COVID-19 outbreak may impact our financial condition or results of operations is uncertain. Due to our subscription-based business model, the effect of the COVID-19 outbreak, and any impact to our sales efforts, may not be fully reflected in our results of operations until future periods, if at all.

For a further description of our business and products, see “Business” above.

Key Factors Affecting Our Performance

Investment in Growth. We have invested and intend to continue to invest aggressively in expanding the breadth and depth of our product portfolio, including through acquisitions. We expect to continue to invest in research and development to expand existing solutions and build new solutions; in sales and marketing to promote our solutions to new and existing customers and in existing and expanded geographies and industries; in professional services to ensure the success of our customers’ implementations of our solutions; and in other operational and administrative functions to support our expected growth. We expect that our headcount will increase as a result of these investments. We also expect our total operating expenses will continue to increase over time, which could have a negative impact on our operating margin.

Adoption of Our Solutions by Existing and New Customers. Most of our customers initially deploy our solutions to a limited number of end users within a division or geography and may only initially deploy a limited set of our available solutions. Our future growth is dependent upon our existing customers’ continued success and their renewals of subscriptions to our solutions, expanded deployment of our solutions within their organizations, and their purchase of subscriptions to additional solutions. Our growth is also dependent on the adoption of our solutions by new customers.

Subscription Services Revenue Retention Rate. A key factor to our success is the renewal and expansion of our existing subscription agreements with our customers. We calculate our annual subscription services revenue retention rate for a particular fiscal year by dividing (i) annualized subscription revenue as of the last day of that fiscal year from those customers that were also customers as of the last day of the prior fiscal year by (ii) the annualized subscription revenue from all customers as of the last day of the prior fiscal year. Annualized subscription revenue is calculated by multiplying the daily subscription revenue recognized on the last day of the fiscal year by 365. This calculation includes the impact on our revenues from customer non-renewals, deployments of additional users or decreases in users, deployments of additional solutions or discontinued use of solutions by our customers, and price changes for our solutions. Historically, the impact of price changes on our subscription services revenue retention rate has been minimal. For our fiscal years ended January 31, 2020, 2019, and 2018, our subscription services revenue retention rate was 121%, 122%, and 121%, respectively.

Components of Results of Operations

Revenues

We derive our revenues primarily from subscription services fees and professional services fees. Subscription services revenues consist of fees from customers accessing our cloud-based software solutions and subscription or license fees for our data solutions. Professional services and other revenues consist primarily of fees from implementation services, configuration, data services, training, and managed services related to our solutions. For our fiscal year ended January 31, 2020, subscription services revenues constituted 81% of total revenues and professional services and other revenues constituted 19% of total revenues.

We generally enter into master subscription agreements with our customers and count each distinct master subscription agreement that has not been terminated or expired and that has orders for which we have recognized revenue in the quarter as a distinct customer for purposes of determining our total number of current customers as of the end of that quarter. We generally enter into a single master subscription agreement with each customer, although in some instances, affiliated legal entities within the same corporate family may enter into separate master subscription agreements. Conversely, affiliated legal entities that maintain distinct master service agreements may choose to consolidate their orders under a single master service agreement, and, in that circumstance, our customer count would decrease. Divisions, subsidiaries, and operating units of our customers often place distinct orders for our subscription services under the same master subscription agreement, and we do not count such distinct orders as new customers for purposes of determining our total customer count.

With respect to data services customers that have not purchased one of our software solutions, we count as a distinct customer each party that has a master subscription agreement and a known and recurring payment obligation. For purposes of determining our total customer count, we count each entity that uses a legacy Zinc Ahead product as a distinct customer if such entity is not otherwise a customer of ours. For purposes of determining customers of Crossix that do not contract under a master subscription agreement, we count each entity that has a statement of work or services agreement and a known payment obligation as a distinct customer if such entity is not otherwise a customer of ours. For purposes of determining customers of Physicians World, we count each entity for which we recognize services revenue as a distinct customer if such entity is not otherwise a customer of ours.

New subscription orders for our core Veeva CRM application generally have a one-year term. If a customer adds end users or additional Veeva Commercial Cloud applications to an existing order for our core Veeva CRM application, such additional orders will generally be coterminous with the anniversary date of the core Veeva CRM order, and as a result, orders for additional end users or additional Veeva Commercial Cloud applications will commonly have an initial term of less than one year.

With respect to applications other than our core Veeva CRM application and particularly with respect to our Veeva Vault applications, we have entered into a number of orders that are several years in duration, ranging from two to eight years. The fees associated with such orders are typically not based on the number of end-users and typically escalate over the term of such orders at a pre-agreed rate to account for, among other factors, implementation and adoption timing and planned increased usage by the customer. There are timing differences between billings and revenue recognition with respect to certain of our multi-year orders with escalating fees which will result in fluctuations in deferred revenue and unbilled accounts receivable balances that did not occur prior to our adoption of Topic 606. For instance, when the amounts we are entitled to invoice in any period pursuant to multi-year orders with escalating fees are less than the revenue we are required to recognize pursuant to Topic 606, we will accrue an unbilled accounts receivable balance related to such orders. In the same scenario, the net deferred revenue we would record in connection with such orders will be less than it would have been prior to the adoption of Topic 606 because we will be recognizing more revenue earlier in the term of such multi-year orders.

Our subscription orders are generally billed at the beginning of the subscription period in annual or quarterly increments, which means the annualized value of such orders may not be completely reflected in deferred revenue at any single point in time. Also, particularly with respect to our Veeva Commercial Cloud orders, because the term of orders for additional end users or applications is commonly less than one year, the annualized value of such orders may not be completely reflected in deferred revenue at any single point in time. We have also agreed from time to time, and may agree in the future, to allow customers to change the renewal dates of their orders to, for example, align more closely with a customer's annual budget process or to align with the renewal dates of other orders placed by other entities within the same corporate control group, or to change payment terms from annual to quarterly, or vice versa. Such changes typically result in an order of less than one year as necessary to align all orders to the desired renewal date and, thus, may result in a lesser increase to deferred revenue than if the adjustment had not occurred. Additionally, changes in renewal dates may change the fiscal quarter in which deferred revenue associated with a particular order is booked. Accordingly, we do not believe that changes on a quarterly basis in deferred revenue, unbilled accounts receivable, or calculated billings, a metric commonly cited by financial analysts, are accurate indicators of future revenues for any given period of time. We define the term calculated billings for any period to mean revenue for the period plus the change in deferred revenue from the immediately preceding period minus the change in unbilled accounts receivable from the immediately preceding period.

Subscription services revenues are recognized ratably over the respective non-cancelable subscription term because of the continuous transfer of control to the customer. Our subscription services agreements are generally non-cancelable during the term, although customers typically have the right to terminate their agreements for cause in the event of material breach. Our agreements typically provide that orders will automatically renew unless notice of non-renewal is provided in advance. Subscription services revenues are affected primarily by the number of customers, the scope of the subscription purchased by each customer (for example, the number of end users or other subscription usage metric) and the number of solutions subscribed to by each customer.

We utilize our own professional services personnel and, in certain cases, third-party subcontractors to perform our professional services engagements with customers. The majority of our professional services arrangements are billed on a time and materials basis and revenues are recognized over time based on time incurred and contractually agreed upon rates. Certain professional services revenues are billed on a fixed fee basis and revenues are typically recognized over time based on the proportion of total services performed. Data services and training revenues are generally recognized as the services are performed. Professional services revenues are affected primarily by our customers' demands for implementation services, configuration, data services, training, speakers bureau logistics, and managed services in connection with our solutions.

Allocated Overhead and Equity Compensation

We accumulate certain costs such as building depreciation, office rent, utilities, and other facilities costs and allocate them across the various departments based on headcount. We refer to these costs as “allocated overhead.” Note that beginning in the fiscal quarter ended April 30, 2019, we implemented a new equity compensation program applicable to the vast majority of our employees, which increased stock-based compensation expenses allocated to cost of revenues and operating expenses in absolute dollars and as a percentage of revenue during the fiscal year ended January 31, 2020. For details of equity granted the year ended January 31, 2020, refer to note 13 of the notes to our condensed consolidated financial statements.

Cost of Revenues

Cost of subscription services revenues for all of our solutions consists of expenses related to our computing infrastructure provided by third parties, including salesforce.com and Amazon Web Services, personnel related costs associated with hosting our subscription services and providing support, including our data stewards, expenses associated with computer equipment and software, allocated overhead, and amortization expense associated with purchased intangibles related to our subscription services. We intend to continue to invest additional resources in our subscription services to enhance our product offerings and increase our delivery capacity. We may add or expand computing infrastructure capacity in the future, migrate to new computing infrastructure service providers, make additional investments in the availability and security of our solutions, and make continued investments in data sources.

Cost of professional services and other revenues consists primarily of employee-related expenses associated with providing these services. The cost of providing professional services is significantly higher as a percentage of the related revenues than for our subscription services due to the direct labor costs and costs of third-party subcontractors.

Operating Expenses

Research and Development. Research and development expenses consist primarily of employee-related expenses, third-party consulting fees and hosted infrastructure costs. We continue to focus our research and development efforts on adding new features and applications and increasing the functionality and enhancing the ease of use of our cloud-based applications.

Sales and Marketing. Sales and marketing expenses consist primarily of employee-related expenses, sales commissions, marketing program costs, amortization expense associated with purchased intangibles related to our customer contracts, customer relationships and brand development, travel-related expenses and allocated overhead. Sales commissions are costs of obtaining customer contracts and are capitalized and then amortized over a period of benefit that we have determined to be three years.

General and Administrative. General and administrative expenses consist of employee-related expenses for our executive, finance and accounting, legal, employee success, management information systems personnel, and other administrative employees. In addition, general and administrative expenses include fees related to third-party legal counsel, fees related to third-party accounting, tax and audit services, other corporate expenses, and allocated overhead.

Other Income, Net

Other income, net consists primarily of transaction gains or losses on foreign currency, net of hedging costs, interest income, and amortization of premiums paid on investments.

Provision for Income Taxes

Provision for income taxes consists of federal and state income taxes in the United States and income taxes in certain foreign jurisdictions. See note 10 of the notes to our consolidated financial statements.

New Accounting Pronouncements Adopted in Fiscal 2020

Refer to note 1 of the notes to our consolidated financial statements for a full description of the recent accounting pronouncements adopted during the fiscal year ended January 31, 2020.

Recent Accounting Pronouncements

Credit Losses

In June 2016, the Financial Accounting Standards Board, or FASB, issued ASU 2016-13, including subsequent amendments, regarding “Measurement of Credit Losses on Financial Instruments” (Topic 326), which modifies the accounting methodology for most financial instruments. The guidance establishes a new “expected loss model” that requires entities to estimate current expected credit losses on financial instruments by using all practical and relevant information. Additionally, any expected credit losses are to be reflected as allowances rather than reductions in the amortized cost of available-for-sale debt securities. This guidance is effective for annual reporting periods beginning after December 15, 2019, including interim periods within that reporting period. We do not expect this standard to have a material impact on our consolidated financial statements.

Cloud Computing Arrangements

In August 2018, the FASB issued ASU 2018-15, “*Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract,*” which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The standard is effective for interim and annual reporting periods beginning after December 15, 2019 and can be applied either prospectively to implementation costs incurred after the date of adoption or retrospectively to all arrangements. We do not expect this standard to have a material impact on our consolidated financial statements and plan to apply this standard prospectively.

Accounting for Income Taxes

In December 2019, the FASB issued ASU 2019-12, regarding ASC Topic 740 “*Income Taxes,*” which simplifies certain aspects of accounting for income taxes. The guidance is effective for annual reporting periods beginning after December 15, 2020, including interim periods within that reporting period. Early adoption is permitted. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements and do not plan to early adopt.

Results of Operations

The following tables set forth selected consolidated statements of operations data and such data as a percentage of total revenues for each of the periods indicated:

	Fiscal Year Ended January 31,	
	2020	2019
(in thousands)		
Consolidated Statements of Comprehensive Income Data:		
Revenues:		
Subscription services	\$ 896,294	\$ 694,467
Professional services and other	207,787	167,743
Total revenues	<u>1,104,081</u>	<u>862,210</u>
Cost of revenues ⁽¹⁾ :		
Cost of subscription services	136,328	117,009
Cost of professional services and other	167,041	128,272
Total cost of revenues	<u>303,369</u>	<u>245,281</u>
Gross profit	<u>800,712</u>	<u>616,929</u>
Operating expenses ⁽¹⁾ :		
Research and development	209,895	158,783
Sales and marketing	190,331	148,867
General and administrative	114,267	86,413
Total operating expenses	<u>514,493</u>	<u>394,063</u>
Operating income	286,219	222,866
Other income, net	27,478	15,777
Income before income taxes	313,697	238,643
Provision for income taxes	12,579	8,811
Net income	<u>\$ 301,118</u>	<u>\$ 229,832</u>

(1) Includes stock-based compensation as follows:

Cost of revenues:		
Cost of subscription services	\$ 2,638	\$ 1,553
Cost of professional services and other	17,518	10,575
Research and development	37,001	22,138
Sales and marketing	27,537	18,381
General and administrative	31,212	23,778
Total stock-based compensation	<u>\$ 115,906</u>	<u>\$ 76,425</u>

Revenues

	Fiscal Year Ended January 31,		2020 to 2019 % Change
	2020	2019	
(dollars in thousands)			
Revenues:			
Subscription services	\$ 896,294	\$ 694,467	29%
Professional services and other	207,787	167,743	24
Total revenues	<u>\$ 1,104,081</u>	<u>\$ 862,210</u>	28
Percentage of revenues:			
Subscription services	81%	81%	
Professional services and other	19	19	
Total revenues	<u>100%</u>	<u>100%</u>	

Fiscal 2020 Compared to Fiscal 2019. Total revenues increased \$241.9 million, of which \$201.8 million was from growth in subscription services revenues. The increase in subscription services revenues consisted of \$128.3 million of subscription services revenue attributable to Veeva Vault solutions and \$73.6 million of subscription services revenue attributable to Veeva Commercial Cloud solutions, which includes the contribution from Crossix. The geographic mix of subscription services revenues was 54% from North America and 27% from Europe in fiscal year ended January 31, 2020 as compared to subscription services revenues of 54% from North America and 26% from Europe in fiscal year ended January 31, 2019. Subscription services revenues were 81% of total revenues for fiscal years ended January 31, 2020 and 2019.

Professional services and other revenues increased \$40.0 million. The increase in professional services revenues was due primarily to new customers requesting implementation and deployment related professional services and existing customers requesting professional services related to expanding deployments or the deployment of newly purchased solutions, and, to a lesser extent, professional services revenues associated with our recently acquired businesses. The increased demand for professional services and the resulting increase in professional services revenues was weighted heavily towards implementation and deployments of our Veeva Vault solutions. The geographic mix of professional services and other revenues was 60% from North America and 32% from Europe in fiscal year ended January 31, 2020 as compared to 62% from North America and 27% from Europe in fiscal year ended January 31, 2019.

Over time, we expect the proportion of our total revenues from professional services to decrease.

Costs and Expenses

	Fiscal Year Ended January 31,		2020 to 2019 % Change
	2020	2019	
	(dollars in thousands)		
Cost of revenues:			
Cost of subscription services	\$ 136,328	\$ 117,009	17%
Cost of professional services and other	167,041	128,272	30
Total cost of revenues	<u>\$ 303,369</u>	<u>\$ 245,281</u>	24
Gross margin percentage:			
Subscription services	85%	83%	
Professional services and other	20	24	
Total gross margin percentage	<u>73%</u>	<u>72%</u>	
Gross profit	\$ 800,712	\$ 616,929	30%
Headcount (at period end)	1,417	944	50%

Fiscal 2020 Compared to Fiscal 2019. Cost of revenues increased \$58.1 million, of which \$19.3 million was related to cost of subscription services. The increase in cost of subscription services was primarily due to an increase in the number of end users of our subscription services, which drove an increase of \$7.2 million in fees paid to salesforce.com. In addition, we had an 53% increase in the headcount of our subscription services team, which includes headcount from Crossix added in the fiscal quarter ended January 31, 2020. The increase in headcount drove a \$3.0 million increase in employee compensation-related costs (includes an increase of \$1.1 million in stock-based compensation). The increase in employee compensation-related costs is primarily driven by the increase in headcount during the period. There was an additional \$4.6 million in data acquisition costs related to the acquired business of Crossix. We expect cost of subscription services revenues to increase in absolute dollars in the near term due to increased usage of our subscription services.

Cost of professional services and other revenues increased \$38.8 million, primarily due to a 49% increase in headcount of our professional services team, which drove a \$30.9 million increase in employee compensation-related costs (includes an increase of \$6.9 million in stock-based compensation). The increase in employee compensation-related costs is primarily driven by the increase in headcount during the period, including headcount from our recently acquired businesses added in the quarter ended January 31, 2020. We expect cost of professional services and other revenues to increase in absolute dollars and as a percentage of revenue in the near term as we add personnel to our global professional services organization.

Gross margin for fiscal years ended January 31, 2020 and 2019 was 73% and 72%, respectively. The increase compared to the prior period is largely due to the continued growth of Veeva Vault and our newer multichannel CRM applications that complement Veeva CRM, all of which have higher subscription services gross margins than our core Veeva CRM application.

We expect gross margin to decrease in the fiscal year ending January 31, 2021 due to the dilutive impact to gross margin from our recently acquired businesses, which we expect to be partially offset by growth of our Vault products, which have a higher gross margin profile relative to our core CRM product.

Operating Expenses and Operating Margin

Operating expenses include research and development, sales and marketing, and general and administrative expenses. As we continue to invest in our growth through hiring, and as we realize the full impact of the additional headcount and operating expenses associated with Crossix and Physicians World, we expect operating expenses to increase in absolute dollars and may slightly increase as a percentage of revenue in the near term. We also expect stock-based compensation expense to increase in absolute dollars and as a percentage of revenue through the fiscal year ending January 31, 2021 due to increased headcount and retention equity awards granted to certain employees associated with the acquisitions in November 2019.

Research and Development

	Fiscal Year Ended January 31,		2020 to 2019 % Change
	2020	2019	
	(dollars in thousands)		
Research and development	\$ 209,895	\$ 158,783	32%
Percentage of total revenues	19%	18%	
Headcount (at period end)	1,114	866	29%

Fiscal 2020 Compared to Fiscal 2019. Research and development expenses increased \$51.1 million, primarily due to a 29% increase in headcount during the period, which drove an increase of \$39.7 million in employee compensation-related costs (includes an increase of \$14.9 million in stock-based compensation). The increase in employee compensation-related costs is primarily driven by the increase in headcount during the period, including added headcount from Crossix. Additionally, there was an increase of \$3.2 million in costs for increased computer equipment costs in our research and development organization.

We expect research and development expenses to increase in absolute dollars and may increase as a percentage of revenue in the near term, primarily due to higher headcount, including increased headcount associated with our recently acquired businesses, as we continue to invest in our solutions and develop new technologies and as we experience the full impact of additional research and development headcount and expenses associated with our recently acquired businesses.

Sales and Marketing

	Fiscal Year Ended January 31,		2020 to 2019 % Change
	2020	2019	
	(dollars in thousands)		
Sales and marketing	\$ 190,331	\$ 148,867	28%
Percentage of total revenues	17%	17%	
Headcount (at period end)	656	510	29%

Fiscal 2020 Compared to Fiscal 2019. Sales and marketing expenses increased \$41.5 million, primarily due to an increase of \$31.0 million in employee compensation-related costs (includes an increase of \$9.2 million in stock-based compensation), which was driven by an 29% increase in headcount. The increase in employee compensation-related costs is primarily driven by the increase in headcount during

the period, including added headcount from our recently acquired businesses. In addition, there was an increase of \$2.1 million of amortization of purchased intangibles associated with our recently acquired businesses.

We expect sales and marketing expenses to continue to grow in absolute dollars in the near term, primarily due to employee-related expenses as we increase our headcount, to support our sales and marketing efforts associated with our newer solutions and our continued expansion of our sales capacity across all our solutions, and as we experience the full impact of additional sales and marketing headcount and expenses associated with our recently acquired businesses.

General and Administrative

	Fiscal Year Ended January 31,		2020 to 2019 % Change
	2020	2019	
	(dollars in thousands)		
General and administrative	\$ 114,267	\$ 86,413	32%
Percentage of total revenues	10%	10%	
Headcount (at period end)	314	233	35%

Fiscal 2020 Compared to Fiscal 2019. General and administrative expenses increased \$27.9 million, primarily due to an increase of \$12.0 million in employee compensation-related costs (includes an increase of \$7.4 million in stock-based compensation), which was driven by a 35% increase in headcount, and an increase of \$7.0 million in legal fees related to litigation activity during the period. The increase in employee compensation-related costs is primarily driven by the increase in headcount during the period, including added headcount from our recently acquired businesses. There was an additional \$1.5 million in costs for increased computer equipment costs and \$1.3 million in one-time acquisition-related transaction costs for our recently acquired businesses.

We expect general and administrative expenses to continue to grow in absolute dollars in the near term as we continue to invest in our business and infrastructure, in connection with our recently acquired businesses and as we experience the full impact of additional general and administrative headcount and expenses associated with our recently acquired businesses, and as a result of employee-related expense as we increase our headcount. Such business and infrastructure costs include increases in third-party fees, particularly in relation to the matters described in Item 3. “Legal Proceedings” and note 15 of the notes to our consolidated financial statements, and headcount in our finance, legal, and employee success functions.

Other Income, Net

	Fiscal Year Ended January 31,		2020 to 2019 % Change
	2020	2019	
	(dollars in thousands)		
Other income, net	\$ 27,478	\$ 15,777	74%

Fiscal 2020 Compared to Fiscal 2019. Other income, net increased \$11.7 million, primarily due to an increase in interest and other income of \$9.8 million driven by higher cash and cash equivalent balances during the year leading up to the acquisition of Crossix and Physicians World. In addition, there was a decrease in foreign currency losses of \$1.4 million during the period, which includes gains and losses

from the underlying foreign currency exposures partially offset by hedge positions. We continue to experience foreign currency fluctuations primarily due to the impact resulting from the periodic re-measurement of our foreign currency balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. Our results of operations are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Euro, British Pound Sterling, Japanese Yen and Chinese Yuan. We may continue to experience favorable or adverse foreign currency impacts due to volatility in these currencies.

Provision for Income Taxes

	Fiscal Year Ended January 31,		2020 to 2019 % Change
	2020	2019	
	(dollars in thousands)		
Income before income taxes	313,697	238,643	31%
Provision for income taxes	12,579	8,811	43%
Effective tax rate	4.0%	3.7%	

Our effective tax rate was 4.0% and 3.7% for the years ended January 31, 2020 and 2019, respectively. The provision for income taxes differs from the tax computed at the U.S. federal statutory income tax rate due primarily to state taxes, tax credits, equity compensation, and foreign income subject to taxation in the United States. Future tax rates could be affected by changes in tax laws and regulations or by rulings in tax related litigation, as may be applicable. We will continue to identify and analyze other applicable changes in tax laws in the United States and abroad.

Fiscal 2020 Compared to Fiscal 2019. During the fiscal year ended January 31, 2020, our effective tax rate increased primarily due to a reduced impact from excess tax benefits related to equity compensation, partially offset by increased tax credits. We recognized such tax benefits in our provision for income taxes of \$50.4 million.

Fiscal Year Ended January 31, 2019 and 2018

For a discussion of the year ended January 31, 2019 compared to the year ended January 31, 2018, please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended January 31, 2019.

Non-GAAP Financial Measures

In our public disclosures, we have provided non-GAAP measures, which we define as financial information that has not been prepared in accordance with generally accepted accounting principles in the United States, or GAAP. In addition to our GAAP measures, we use these non-GAAP financial measures internally for budgeting and resource allocation purposes and in analyzing our financial results.

For the reasons set forth below, we believe that excluding the following items provides information that is helpful in understanding our operating results, evaluating our future prospects, comparing our financial results across accounting periods, and comparing our financial results to our peers, many of which provide similar non-GAAP financial measures.

- Stock-based compensation expenses. We exclude stock-based compensation expenses primarily because they are non-cash expenses that we exclude from our internal management reporting processes. We also find it useful to exclude these expenses when we assess the appropriate level of various operating expenses and resource allocations when budgeting, planning, and forecasting

future periods. Moreover, because of varying available valuation methodologies, subjective assumptions and the variety of award types that companies can use under FASB ASC Topic 718, we believe excluding stock-based compensation expenses allows investors to make meaningful comparisons between our recurring core business operating results and those of other companies.

- Amortization of purchased intangibles. We incur amortization expense for purchased intangible assets in connection with acquisitions of certain businesses and technologies. Amortization of intangible assets is a non-cash expense and is inconsistent in amount and frequency because it is significantly affected by the timing, size of acquisitions, and the inherent subjective nature of purchase price allocations. Because these costs have already been incurred and cannot be recovered, and are non-cash expenses, we exclude these expenses for internal management reporting processes. We also find it useful to exclude these charges when assessing the appropriate level of various operating expenses and resource allocations when budgeting, planning and forecasting future periods. Investors should note that the use of intangible assets contributed to our revenues earned during the periods presented and will contribute to our future period revenues as well.
- Deferred compensation associated with the Zinc Ahead business acquisition. The Zinc Ahead share purchase agreement, as revised, called for share purchase consideration to be deferred and paid at a rate of one-third of the deferred consideration amount per year to certain former Zinc Ahead employee shareholders and option holders who remain employed with us on each deferred consideration payment date. In accordance with GAAP, these payments are being accounted for as deferred compensation and the expense is recognized over the requisite service period. We view this deferred compensation expense as an unusual acquisition cost associated with the Zinc Ahead acquisition and find it useful to exclude it in order to assess the appropriate level of various operating expenses to assist in budgeting, planning and forecasting future periods. We believe excluding this deferred compensation expense may allow investors to make more meaningful comparisons between our recurring operating results and those of other companies.
- Income tax effects on the difference between GAAP and non-GAAP costs and expenses. The income tax effects that are excluded relate to the imputed tax impact on the difference between GAAP and non-GAAP costs and expenses due to stock-based compensation, purchased intangibles, and deferred compensation associated with the Zinc Ahead business acquisition for GAAP and non-GAAP measures.

Limitations on the use of Non-GAAP financial measures

There are limitations to using non-GAAP financial measures because non-GAAP financial measures are not prepared in accordance with GAAP and may be different from non-GAAP financial measures provided by other companies.

The non-GAAP financial measures are limited in value because they exclude certain items that may have a material impact upon our reported financial results. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which items are adjusted to calculate our non-GAAP financial measures. We compensate for these limitations by analyzing current and future results on a GAAP basis as well as a non-GAAP basis and also by providing GAAP measures in our public disclosures.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. We encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure to evaluate our business, and to view our non-GAAP financial measures in conjunction with the most directly comparable GAAP financial measures.

Beginning with the fiscal quarter ended April 30, 2019, we no longer exclude the effects of capitalization of internal-use software development expenses and the subsequent amortization of the capitalized expenses in our non-GAAP financial measures. Prior periods have been adjusted to reflect this change, and the effect of this change is not material for any period previously presented.

The following table reconciles the specific items excluded from GAAP metrics in the calculation of non-GAAP metrics for the periods shown below:

	Fiscal year ended January 31,		
	2020	2019	2018
Operating income on a GAAP basis	\$ 286,219	\$ 222,866	\$ 157,929
Stock-based compensation expense	115,906	76,425	54,049
Amortization of purchased intangibles	10,120	6,965	7,790
Deferred compensation associated with Zinc Ahead acquisition	—	343	532
Operating income on a non-GAAP basis	<u>\$ 412,245</u>	<u>\$ 306,599</u>	<u>\$ 220,300</u>
Net income on a GAAP basis	\$ 301,118	\$ 229,832	\$ 151,177
Stock-based compensation expense	115,906	76,425	54,049
Amortization of purchased intangibles	10,120	6,965	7,790
Deferred compensation associated with Zinc Ahead acquisition	—	343	532
Income tax effect on non-GAAP adjustments ⁽¹⁾	(79,763)	(58,888)	(65,255)
Net income on a non-GAAP basis	<u>\$ 347,381</u>	<u>\$ 254,677</u>	<u>\$ 148,293</u>
Diluted net income per share on a GAAP basis	\$ 1.90	\$ 1.47	\$ 0.98
Stock-based compensation expense	0.73	0.49	0.35
Amortization of purchased intangibles	0.06	0.04	0.05
Deferred compensation associated with Zinc Ahead acquisition	—	—	—
Income tax effect on non-GAAP adjustments ⁽¹⁾	(0.50)	(0.37)	(0.42)
Diluted net income per share on a non-GAAP basis	<u>\$ 2.19</u>	<u>\$ 1.63</u>	<u>\$ 0.97</u>

(1) For the years ended January 31, 2020, 2019, and 2018, we used an estimated annual effective non-GAAP tax rate of 21.0%, 21.0%, and 35.0%, respectively.

Liquidity and Capital Resources

	Fiscal year ended January 31,		
	2020	2019	2018
	(in thousands)		
Net cash provided by operating activities	\$ 437,375	\$ 310,827	\$ 233,438
Net cash used in investing activities	(516,910)	(103,869)	(154,520)
Net cash provided by financing activities	10,010	25,910	20,773
Effect of exchange rate changes on cash and cash equivalents	(2,856)	(2,077)	3,089
Net change in cash and cash equivalents	<u>\$ (72,381)</u>	<u>\$ 230,791</u>	<u>\$ 102,780</u>

Our principal sources of liquidity continue to be comprised of our cash, cash equivalents and short-term investments, as well as cash flows generated from our operations. At January 31, 2020, our cash, cash equivalents, and short-term investments totaled \$1.1 billion, of which \$48.7 million represented cash and cash equivalents held outside of the United States.

On November 1, 2019, we completed our acquisition of Crossix in exchange for total cash consideration of \$427.2 million, which includes the impact of adjustments to purchase price associated with the cash and net working capital of the acquired entity at close, and \$0.7 million of pre-combination stock-based compensation expense. On November 7, 2019, we completed our acquisition of Physicians World in exchange for total cash consideration of \$41.4 million, which includes the impact of adjustments to purchase price associated with the cash and net working capital of the acquired entity at close.

Except for certain foreign jurisdictions, our remaining non-U.S. cash and cash equivalents have been earmarked for indefinite reinvestment in our operations outside the United States, thus no U.S. current or deferred taxes have been accrued. We believe our U.S. sources of cash and liquidity are sufficient to meet our business needs in the United States and do not expect that we will need to repatriate additional funds we have designated as indefinitely reinvested outside the United States. Under currently enacted tax laws, should our plans change and we were to choose to repatriate some or all of the funds we have designated as indefinitely reinvested outside the United States, such amounts may be subject to certain jurisdictional taxes.

We have financed our operations primarily through cash generated from operations. We believe our existing cash, cash equivalents, and short-term investments generated from operations will be sufficient to meet our working capital and capital expenditure needs over at least the next 12 months. Our future capital requirements will depend on many factors including our growth rate, subscription renewal activity, the timing and extent of spending to support product development efforts, the expansion of sales and marketing activities, the ongoing investments in technology infrastructure, the introduction of new and enhanced solutions, and the continuing market acceptance of our solutions. We may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies, and intellectual property rights. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, operating results, and financial condition would be adversely affected.

Cash Flows from Operating Activities

Our largest source of operating cash inflows is cash collections from our customers for subscription services. We also generate significant cash flows from our professional services arrangements. The first quarter of our fiscal year is seasonally the strongest quarter for cash inflows due to the timing of our annual subscription billings and related collections. Our primary uses of cash from operating activities are for employee-related expenditures, expenses related to our computing infrastructure (including salesforce.com and Amazon Web Services), building infrastructure costs (including leases for office space), fees for third-party legal counsel and accounting services, and marketing program costs. Note that our net income reflects the impact of excess tax benefits related to equity compensation.

Fiscal 2020 Compared to Fiscal 2019. Net cash provided by operating activities was \$437.4 million for the fiscal year ended January 31, 2020. Our cash provided by operating activities during the fiscal year ended January 31, 2020 primarily reflected our net income of \$301.1 million, adjustments for non-cash items of \$154.4 million, which was offset by a net decrease in our operating assets and liabilities of \$18.2 million. Non-cash charges included \$115.9 million of stock-based compensation expense, \$19.9 million of depreciation and amortization expense, and \$3.3 million of accretion of discounts on short-term investments. The net changes in operating assets and liabilities included an increase of

\$97.8 million in deferred revenue resulting primarily from increased orders from new and existing customers, which was offset by a decrease of \$55.5 million in accounts receivable related to increased collections during the period.

Fiscal 2019 Compared to Fiscal 2018. Net cash provided by operating activities was \$310.8 million for the fiscal year ended January 31, 2019. Our cash provided by operating activities during the fiscal year ended January 31, 2019 primarily reflected our net income of \$229.8 million, adjustments for non-cash items of \$98.4 million, which was offset by a net decrease in our operating assets and liabilities of \$17.4 million. Non-cash charges included \$76.4 million of stock-based compensation expense, \$14.1 million of depreciation and amortization expense, and \$2.4 million of amortization of premiums on short-term investments. The net changes in operating assets and liabilities included an increase of \$89.4 million in deferred revenue resulting primarily from increased orders from new and existing customers, which was offset by a decrease of \$79.0 million in accounts receivable related to the seasonal nature of our billings and the timing of collections.

Cash Flows from Investing Activities

The cash flows from investing activities primarily relate to cash used for the purchase of marketable securities, net of maturities. We also use cash to invest in capital assets to support our growth.

Fiscal 2020 Compared to Fiscal 2019. Net cash used in investing activities was \$516.9 million for the fiscal year ended January 31, 2020 resulting primarily from \$448.2 million in cash used for the acquisition of Crossix and Physicians World, net of cash acquired, \$64.4 million in net purchases of marketable securities, \$3.1 million in purchases of property and equipment to support the growth of our business, and \$1.2 million of capitalized internal-use software development costs.

Fiscal 2019 Compared to Fiscal 2018. Net cash used in investing activities was \$103.9 million for the fiscal year ended January 31, 2019 resulting primarily from \$94.1 million in net purchases of marketable securities, \$8.4 million in cash used for purchases of property and equipment to support the growth of our business, and \$1.4 million of capitalized internal-use software development costs.

Cash Flows from Financing Activities

The cash flows from financing activities relate to stock option exercises.

Fiscal 2020 Compared to Fiscal 2019. Net cash provided by financing activities was \$10.0 million for the fiscal year ended January 31, 2020 primarily related to the proceeds from employee stock option exercises. The decrease was primarily due to a reduction in stock option exercises activity during the period.

Fiscal 2019 Compared to Fiscal 2018. Net cash provided by financing activities was \$25.9 million for the fiscal year ended January 31, 2019 related to the proceeds from employee stock option exercises.

Commitments

Our principal commitments consist of obligations for minimum payment commitments to salesforce.com and leases for office space and data centers. On March 3, 2014, we amended our agreement with salesforce.com. The agreement, as amended, requires that we meet minimum order commitments of \$500 million over the term of the agreement, which ends on September 1, 2025, including “true-up” payments if the orders we place with salesforce.com have not equaled or exceeded the following aggregate amounts within the timeframes indicated: (i) \$250 million for the period from March 1, 2014 to September 1, 2020 and (ii) the full amount of \$500 million by September 1, 2025. We have met our first minimum order commitment of \$250 million and have a remaining purchase commitment of \$140.0 million, as of January 31, 2020, that must be made by September 1, 2025.

As of January 31, 2020, the future non-cancelable minimum payments under these commitments were as follows:

	Payments due by period				
	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 years
	(in thousands)				
Salesforce.com commitments	\$ 140,025	\$ 6,525	\$ —	\$ —	\$ 133,500
Operating lease obligations	62,515	10,722	18,271	12,655	20,867
Finance lease obligations	1,454	1,090	364	—	—
Total	<u>\$ 203,994</u>	<u>\$ 18,337</u>	<u>\$18,635</u>	<u>\$12,655</u>	<u>\$ 154,367</u>

The amounts in the table above are associated with agreements that are enforceable and legally binding, which specify significant terms including payment terms, related services, and the approximate timing of the transaction. Obligations under agreements that we can cancel without a significant penalty are not included in the table.

We anticipate leasing additional office space in various locations around the world to support our growth. In addition, our existing lease agreements often provide us with an option to renew. We expect our future operating lease obligations will increase as we expand our operations.

Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States (GAAP). In the preparation of these consolidated financial statements, we are required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

We believe that of our significant accounting policies, which are described in note 1 of the notes to the consolidated financial statements, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Revenue Recognition

We derive our revenues primarily from subscription services and professional services. Some of our contracts with customers contain multiple performance obligations. The transaction price is allocated to the distinct performance obligations on a relative standalone selling price basis. Significant judgment is sometimes required in developing an estimate of the standalone selling price for each distinct performance obligation based on our overall pricing objectives, market conditions and other factors, including other groupings such as customer type and geography.

Business combinations and Valuation of Goodwill and Acquired Intangible Assets

We allocate the purchase price of acquired companies to tangible and intangible assets acquired and liabilities assumed based upon their estimated fair values at the acquisition date. The purchase price allocation process requires management to make significant estimates and assumptions with respect to the valuation of intangible assets. Examples of critical estimates in valuing certain of the intangible assets we have acquired or may acquire in the future include but are not limited to future expected cash flows, future revenue growth, margins, customer retention rates, technology life, royalty rates, expected use of acquired assets, and discount rates. These factors are also considered in determining the useful life of the acquired intangible assets. These estimates are based in part on historical experience, market conditions and information obtained from management of the acquired companies and are inherently uncertain. Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recorded.

Recent Accounting Pronouncements

See note 1 of the notes to the consolidated financial statements included in Part II, Item 8, "Consolidated Financial Statements and Supplementary Data" of this Annual Report on Form 10-K, which is incorporated herein by reference for a summary of recent accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign currency exchange risk

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the British Pound Sterling, Euro, Japanese Yen, and Chinese Yuan, and may be adversely affected in the future due to changes in foreign currency exchange rates. We continue to experience foreign currency fluctuations primarily due to the periodic re-measurement of our foreign currency monetary account balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. Changes in exchange rates may negatively affect our revenues and other operating results as expressed in U.S. dollars. For our fiscal years ended January 31, 2020, 2019 and 2018, we had a foreign currency loss of \$0.7 million, \$2.1 million, and gain of \$1.2 million, respectively.

We have experienced and will continue to experience fluctuations in our net income as a result of gains or losses related to revaluing certain current asset and current liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. We engage in the hedging of our foreign currency transactions as described in note 8 of the consolidated financial statements and may, in the future, hedge selected significant transactions or net monetary exposure positions denominated in currencies other than the U.S. dollar.

Interest rate sensitivity

We had cash, cash equivalents and short-term investments totaling \$1.1 billion as of January 31, 2020. This amount was held primarily in demand deposit accounts, money market funds, U.S. treasury securities and agency obligations, corporate notes and bonds, asset-backed securities, commercial paper, foreign government bonds, and agency mortgage-backed securities. The cash and cash equivalents are held for working capital purposes. We do not enter into investments for trading or speculative purposes.

Our cash equivalents and our portfolio of marketable securities are subject to market risk due to changes in interest rates, which could affect our results of operations. Fixed rate securities may have their market value adversely affected due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fluctuate due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates. However,

because we classify our marketable securities as “available for sale,” no gains or losses are recognized due to changes in interest rates unless such securities are sold prior to maturity or declines in fair value are determined to be other-than-temporary. Our fixed-income portfolio is subject to interest rate risk.

An immediate increase of 200-basis points in interest rates would have resulted in a \$9.4 million market value reduction in our investment portfolio as of January 31, 2020. An immediate decrease of 200-basis points in interest rates would have increased the market value by \$7.6 million as of January 31, 2020. This estimate is based on a sensitivity model that measures market value changes when changes in interest rates occur. Fluctuations in the value of our investment securities caused by a change in interest rates (gains or losses on the carrying value) are recorded in other comprehensive income and are realized only if we sell the underlying securities.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

VEEVA SYSTEMS INC.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors

Veeva Systems Inc.:

Opinions on the Consolidated Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Veeva Systems Inc. and subsidiaries (the Company) as of January 31, 2020 and 2019, the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended January 31, 2020, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of January 31, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of January 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended January 31, 2020, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 31, 2020 based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company acquired Crossix Solutions Inc. (Crossix) and Physicians World LLC (Physicians World) on November 1, 2019 and November 7, 2019 (respectively), and management excluded from its assessment of the effectiveness of the Company's internal controls over financial reporting as of January 31, 2020. Crossix and Physicians World's internal controls over financial reporting associated with total assets, in aggregate, of 4% and total revenues, in aggregate, of 2% included in the consolidated financial statements of the Company as of and for the year ended January 31, 2020. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Crossix and Physicians World.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for leases as of February 1, 2019 due to the adoption of Accounting Standards Codification Topic 842, *Leases*.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Controls over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Evaluation of the sufficiency of audit evidence over revenue

As discussed in Note 1 and Note 11 to the consolidated financial statements, and disclosed in the consolidated statements of comprehensive income, the Company recorded \$1,104.1 million of total revenues for the year ended January 31, 2020, of which \$896.3 million was subscription services related, and \$207.8 million was professional services related. Each of these categories of revenue has multiple service offerings, and the Company's process for revenue recognition differs between them.

We identified the evaluation of the sufficiency of audit evidence over revenue as a critical audit matter. Evaluating the nature and extent of audit evidence obtained over revenue for each service

offering and related disclosures required subjective auditor judgment because of the multiple service offerings and the related disclosure requirements.

The primary procedures we performed to address this critical audit matter included the following. We applied auditor judgment to determine the nature and extent of procedures to be performed over revenue, including the determination of the revenue for service offerings. For each service offering where procedures were performed, we tested certain internal controls over the Company's revenue recognition process and the related revenue disclosures. We assessed the recorded revenue by selecting transactions and comparing the amounts recognized for consistency with underlying documentation, including contracts with customers. We also evaluated the related revenue disclosures by selecting transactions comprising the reported balances and comparing the amounts reported for consistency with underlying documentation. In addition, we evaluated the overall sufficiency of audit evidence obtained over revenue.

Evaluation of the acquisition date fair value of intangible assets acquired in the Crossix business combination

As discussed in Note 2 to the consolidated financial statements, on November 1, 2019, the Company acquired Crossix in a business combination. As a result of the transaction, the Company acquired customer relationships and existing technology intangible assets with acquisition-date fair values of \$70.1 million and \$19.2 million, respectively.

We identified the evaluation of the acquisition date fair value of the customer relationships and existing technology intangible assets acquired in the Crossix business combination as a critical audit matter. Testing the following key assumptions regarding future revenue growth rates and future operating margins, which were used in the measurement of the fair values, involved a high degree of subjectivity. The measurement of the fair value of these intangible assets was sensitive to changes in these key assumptions.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's acquisition date fair value process, including controls over the development of the key assumptions as listed above. We performed sensitivity analyses over the key assumptions to assess the impact of changes in those assumptions on the Company's determination of the fair value of the intangible assets. We evaluated Crossix's future revenue growth rates and future operating margins by comparing them to historical results and benchmark data. In addition, we assessed the key assumptions by comparing them to those of a market participant, including consideration of recent similar market transactions.

/s/ KPMG LLP

We have served as the Company's auditor since 2010.

Santa Clara, California

March 30, 2020

VEEVA SYSTEMS INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except number of shares and par value)

	January 31,	
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 476,733	\$ 550,971
Short-term investments	610,015	539,190
Accounts receivable, net of allowance for doubtful accounts of \$617 and \$468, respectively	389,690	303,465
Unbilled accounts receivable	32,817	18,122
Prepaid expenses and other current assets	21,869	21,666
Total current assets	1,531,124	1,433,414
Property and equipment, net	54,752	54,966
Deferred costs, net	35,585	30,869
Lease right-of-use assets ⁽¹⁾	49,132	—
Goodwill	438,529	95,804
Intangible assets, net	134,601	24,521
Deferred income taxes, noncurrent	11,870	5,938
Other long-term assets	16,184	8,254
Total assets	\$ 2,271,777	\$ 1,653,766
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 19,420	\$ 9,110
Accrued compensation and benefits	25,619	15,324
Accrued expenses and other current liabilities	21,620	16,145
Income tax payable	5,613	4,086
Deferred revenue	468,887	356,357
Lease liabilities ⁽¹⁾	10,013	—
Total current liabilities	551,172	401,022
Deferred income taxes, noncurrent	2,417	6,095
Lease liabilities, noncurrent ⁽¹⁾	44,815	—
Other long-term liabilities	7,779	8,900
Total liabilities	606,183	416,017
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Class A common stock, \$0.00001 par value; 800,000,000 shares authorized, 133,892,725 and 125,980,019 issued and outstanding at January 31, 2020 and 2019, respectively	1	1
Class B common stock, \$0.00001 par value; 190,000,000 shares authorized, 15,202,858 and 20,210,060 issued and outstanding at January 31, 2020 and 2019, respectively	—	—
Additional paid-in capital	745,475	617,623
Accumulated other comprehensive income	460	928
Retained earnings	919,658	619,197
Total stockholders' equity	1,665,594	1,237,749
Total liabilities and stockholders' equity	\$ 2,271,777	\$ 1,653,766

See Notes to Consolidated Financial Statements.

- (1) We adopted Accounting Standards Update (ASU) 2016-02, "Leases" (Topic 842) using the modified retrospective method as of February 1, 2019 and elected the transition option that allows us not to restate the comparative periods in our financial statements in the year of adoption.

VEEVA SYSTEMS INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands, except per share data)

	Fiscal year ended January 31,		
	2020	2019	2018
Revenues:			
Subscription services	\$ 896,294	\$ 694,467	\$ 559,434
Professional services and other	207,787	167,743	131,125
Total revenues	<u>1,104,081</u>	<u>862,210</u>	<u>690,559</u>
Cost of revenues⁽¹⁾:			
Cost of subscription services	136,328	117,009	110,465
Cost of professional services and other	167,041	128,272	100,957
Total cost of revenues	<u>303,369</u>	<u>245,281</u>	<u>211,422</u>
Gross profit	<u>800,712</u>	<u>616,929</u>	<u>479,137</u>
Operating expenses⁽¹⁾:			
Research and development	209,895	158,783	132,017
Sales and marketing	190,331	148,867	128,781
General and administrative	114,267	86,413	60,410
Total operating expenses	<u>514,493</u>	<u>394,063</u>	<u>321,208</u>
Operating income	286,219	222,866	157,929
Other income, net	27,478	15,777	7,842
Income before income taxes	313,697	238,643	165,771
Provision for income taxes	12,579	8,811	14,594
Net income	<u>\$ 301,118</u>	<u>\$ 229,832</u>	<u>\$ 151,177</u>
Net income, basic and diluted	<u>\$ 301,118</u>	<u>\$ 229,832</u>	<u>\$ 151,177</u>
Net income per share:			
Basic	<u>\$ 2.04</u>	<u>\$ 1.59</u>	<u>\$ 1.08</u>
Diluted	<u>\$ 1.90</u>	<u>\$ 1.47</u>	<u>\$ 0.98</u>
Weighted-average shares used to compute net income per share:			
Basic	<u>147,796</u>	<u>144,244</u>	<u>140,311</u>
Diluted	<u>158,296</u>	<u>156,117</u>	<u>153,681</u>
Other comprehensive income:			
Net change in unrealized gain (losses) on available-for-sale investments	\$ 2,388	\$ 1,409	\$ (1,598)
Net change in cumulative foreign currency translation gain (loss)	(2,857)	(2,081)	3,086
Comprehensive income	<u>\$ 300,649</u>	<u>\$ 229,160</u>	<u>\$ 152,665</u>

(1) Includes stock-based compensation as follows:

Cost of revenues:			
Cost of subscription services	\$ 2,638	\$ 1,553	\$ 1,448
Cost of professional services and other	17,518	10,575	8,476
Research and development	37,001	22,138	17,782
Sales and marketing	27,537	18,381	16,288
General and administrative	31,212	23,778	10,055
Total stock-based compensation	<u>\$ 115,906</u>	<u>\$ 76,425</u>	<u>\$ 54,049</u>

See Notes to Consolidated Financial Statements.

VEEVA SYSTEMS INC.
CONSOLIDATED STATEMENTS STOCKHOLDERS' EQUITY
(In thousands, except share data)

	Class A & B Common stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balance at January 31, 2017	137,886,619	1	439,658	238,384	111	678,154
Issuance of common stock upon exercise of stock options	2,935,962	—	21,194	—	—	21,194
Vesting of early exercised stock options	—	—	1	—	—	1
Issuance of common stock upon vesting of restricted stock units	1,246,815	—	—	—	—	—
Stock-based compensation expense	—	—	54,419	—	—	54,419
Other comprehensive loss	—	—	—	(196)	1,489	1,293
Net income	—	—	—	151,177	—	151,177
Balance at January 31, 2018	<u>142,069,396</u>	<u>\$ 1</u>	<u>\$ 515,272</u>	<u>\$ 389,365</u>	<u>\$ 1,600</u>	<u>\$ 906,238</u>
Issuance of common stock upon exercise of stock options	2,807,092	—	25,554	—	—	25,554
Issuance of common stock upon vesting of restricted stock units	1,313,591	—	—	—	—	—
Stock-based compensation expense	—	—	76,797	—	—	76,797
Other comprehensive income	—	—	—	—	(672)	(672)
Net income	—	—	—	229,832	—	229,832
Balance at January 31, 2019	<u>146,190,079</u>	<u>\$ 1</u>	<u>\$ 617,623</u>	<u>\$ 619,197</u>	<u>\$ 928</u>	<u>\$ 1,237,749</u>
Cumulative effect adjustment for Topic 842 ⁽¹⁾	—	—	—	(657)	—	(657)
Issuance of common stock upon exercise of stock options	1,665,778	—	10,899	—	—	10,899
Issuance of common stock upon vesting of restricted stock units	1,239,726	—	—	—	—	—
Replacement award value in connection with business combination	—	—	657	—	—	657
Stock-based compensation expense	—	—	116,296	—	—	116,296
Other comprehensive income	—	—	—	—	(468)	(468)
Net income	—	—	—	301,118	—	301,118
Balance at January 31, 2020	<u>149,095,583</u>	<u>\$ 1</u>	<u>\$ 745,475</u>	<u>\$ 919,658</u>	<u>\$ 460</u>	<u>\$ 1,665,594</u>

See Notes to Consolidated Financial Statements.

- (1) We adopted ASU 2016-02, "Leases" (Topic 842) using the modified retrospective method as of February 1, 2019 and elected the transition option that allows us not to restate the comparative periods in our financial statements in the year of adoption.

VEEVA SYSTEMS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Fiscal year ended January 31,		
	2020	2019	2018
Cash flows from operating activities			
Net income	\$ 301,118	\$ 229,832	\$ 151,177
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	19,859	14,071	14,277
Reduction of operating lease right-of-use assets	7,966	—	—
Amortization of premiums (accretion of discount) on short-term investments	(3,274)	(2,431)	1,389
Stock-based compensation	115,906	76,425	54,049
Amortization of deferred costs	20,521	18,378	16,647
Deferred income taxes	(6,663)	(8,091)	1,209
(Gain) Loss on foreign currency from market-to-market derivative	(120)	(177)	265
Bad debt expense (recovery)	244	198	(242)
Changes in operating assets and liabilities:			
Accounts receivable	(55,531)	(78,995)	(47,799)
Unbilled accounts receivable	(14,555)	(4,774)	(4,329)
Deferred costs	(25,237)	(18,941)	(18,795)
Income taxes payable	1,131	637	(2,520)
Prepaid expenses and other current and long-term assets	(2,700)	(10,562)	(2,493)
Accounts payable	2,813	1,822	1,396
Accrued expenses and other current liabilities	(15,230)	963	7,149
Deferred revenue	97,753	89,416	58,240
Operating lease liabilities	(7,480)	—	—
Other long-term liabilities	854	3,056	3,818
Net cash provided by operating activities	437,375	310,827	233,438
Cash flows from investing activities			
Purchases of short-term investments	(752,518)	(726,379)	(437,858)
Maturities and sales of short-term investments	688,091	632,329	294,705
Purchases of property and equipment	(3,113)	(8,440)	(9,633)
Acquisitions, net of cash and restricted cash acquired	(448,162)	—	—
Capitalized internal-use software development costs	(1,208)	(1,379)	(1,734)
Net cash used in investing activities	(516,910)	(103,869)	(154,520)
Cash flows from financing activities			
Reduction of lease liabilities - finance leases	(984)	—	—
Proceeds from exercise of common stock options	10,994	25,910	20,773
Net cash provided by financing activities	10,010	25,910	20,773
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(2,856)	(2,077)	3,089
Net change in cash, cash equivalents, and restricted cash	(72,381)	230,791	102,780
Cash, cash equivalents, and restricted cash at beginning of period	552,178	321,387	218,607
Cash, cash equivalents, and restricted cash at end of period	\$ 479,797	\$ 552,178	\$ 321,387
Cash, cash equivalents, and restricted cash at end of period:			
Cash and cash equivalents	\$ 476,733	\$ 550,971	\$ 320,183
Restricted cash included in other long-term assets	3,064	1,207	1,204
Total cash, cash equivalents, and restricted cash at end of period	\$ 479,797	\$ 552,178	\$ 321,387
Supplemental disclosures of other cash flow information:			
Cash paid for income taxes, net of refunds	\$ 14,289	\$ 19,541	\$ 12,461
Excess tax benefits from employee stock plans	\$ 50,411	\$ 45,830	\$ 45,864
Non-cash investing and financing activities:			
Changes in accounts payable and accrued expenses related to property and equipment purchases	\$ 567	\$ 644	\$ (1,388)

See Notes to Consolidated Financial Statements.

Note 1. Summary of Business and Significant Accounting Policies

Description of Business

Veeva is the leading provider of industry cloud solutions for the global life sciences industry. We were founded in 2007 on the premise that industry-specific cloud solutions could best address the operating challenges and regulatory requirements of life sciences companies. Our solutions are designed to meet the unique needs of our customers and their most strategic business functions—from research and development (R&D) to commercialization. Our solutions are designed to help life sciences companies develop and bring products to market faster and more efficiently, market and sell more effectively, and maintain compliance with government regulations. Our commercial solutions help life sciences companies achieve better, more intelligent engagement with healthcare professionals and healthcare organizations across multiple communication channels, and plan and execute more effective media and marketing campaigns. Our R&D solutions for the clinical, regulatory, quality, and safety functions help life sciences companies streamline their end-to-end product development processes to increase operational efficiency and maintain regulatory compliance throughout the product life cycle. We also bring the benefits of our content and data management solutions to a set of customers outside of life sciences in three regulated industries: consumer goods, chemicals, and cosmetics. Our fiscal year end is January 31.

Principles of Consolidation and Basis of Presentation

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (GAAP) and applicable rules and regulations of the Securities and Exchange Commission (SEC) regarding annual financial reporting and include the accounts of our wholly-owned subsidiaries after elimination of intercompany accounts and transactions.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires us to make estimates, judgments and assumptions that affect the consolidated financial statements and the notes thereto. These estimates are based on information available as of the date of the consolidated financial statements. On a regular basis, management evaluates these estimates and assumptions. Items subject to such estimates and assumptions include, but are not limited to:

- the standalone selling price for each distinct performance obligation included in customer contracts with multiple performance obligations;
- the determination of the period of benefit for amortization of deferred costs; and
- the fair value of assets acquired and liabilities assumed for business combinations.

As future events cannot be determined with precision, actual results could differ significantly from those estimates.

Segment Information

Operating segments are defined as components of an enterprise about which separate financial information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assessing performance. We define the term “chief operating decision maker” to be our Chief Executive Officer. Our Chief Executive Officer reviews the financial information presented on a consolidated basis for purposes of allocating resources and evaluating our financial performance. Accordingly, we have determined that we operate in a single reportable operating segment. Since we operate in one operating segment, all required financial segment information can be found in the consolidated financial statements.

Revenue Recognition

We derive our revenues primarily from subscription services and professional services. Subscription services revenues consist of fees from customers accessing our cloud-based software solutions and subscription or license fees for our data solutions. Professional services and other revenues consist primarily of fees from implementation services, configuration, data services, training, and managed services related to our solutions. Revenues are recognized when control of these services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those services.

We determine revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, we satisfy a performance obligation.

Our subscription services agreements are generally non-cancelable during the term, although customers typically have the right to terminate their agreements for cause in the event of material breach.

Subscription Services Revenues

Subscription services revenues are recognized ratably over the respective non-cancelable subscription term because of the continuous transfer of control to the customer. Our subscription arrangements are considered service contracts, and the customer does not have the right to take possession of the software.

Professional Services and Other Revenues

The majority of our professional services arrangements are billed on a time and materials basis and revenues are recognized over time based on time incurred and contractually agreed upon rates. Certain professional services revenues are billed on a fixed fee basis and revenues are typically recognized over time as the services are delivered based on time incurred. Data services and training revenues are generally recognized as the services are performed.

Contracts with Multiple Performance Obligations

Some of our contracts with customers contain multiple performance obligations. For these contracts, we account for individual performance obligations separately when they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. We determine the standalone selling prices based on our overall pricing objectives, taking into consideration market conditions and other factors, including other groupings such as customer type and geography.

Unbilled Accounts Receivable

Unbilled accounts receivable is a contract asset related to the delivery of our subscription services and professional services for which the related billings will occur in a future period. Unbilled accounts receivable consists of (i) revenue recognized for professional services performed but not yet billed and (ii) revenue recognized from non-cancelable, multi-year orders in which fees increase annually but for which we are not contractually able to invoice until a future period.

Deferred Costs

Deferred costs include sales commissions associated with obtaining a contract with a customer. These costs are deferred and then amortized over a period of benefit that we have determined to be three years. We determined the period of benefit by taking into consideration the expected renewal period of our customer contracts, our technology and other factors. Amortization expense is included in sales and marketing expenses in the accompanying consolidated statements of comprehensive income.

Certain Risks and Concentrations of Credit Risk

Our revenues are derived from subscription services, professional services and other services delivered primarily to the life sciences industry. We operate in markets that are highly competitive and rapidly changing. Significant technological changes, shifting customer needs, the emergence of competitive products or services with new capabilities, and other factors could negatively impact our future operating results.

Our financial instruments that potentially subject us to concentration of credit risk consist primarily of cash and cash equivalents, short-term investments and trade accounts receivable. Our cash equivalents and short-term investments are held by established financial institutions. We have established guidelines relative to credit ratings, diversification and maturities that seek to maintain safety and liquidity. Deposits in these financial institutions may significantly exceed federally insured limits.

We do not require collateral from our customers and generally require payment within 30 days to 60 days of billing.

The following customers individually exceeded 10% of total accounts receivable as of the dates shown:

	January 31, 2020	January 31, 2019
Customer 1	14%	17%
Customer 2	*	10%

* Does not exceed 10%.

No single customer represented over 10% of our total revenues for any of the years presented.

Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Short-term Investments

Our short-term investments are classified as available-for-sale and recorded at estimated fair value. Unrealized gains and losses for available-for-sale securities are included in accumulated other comprehensive income, a component of stockholders' equity. We evaluate our investments to assess whether those with unrealized loss positions are other than temporarily impaired. We consider impairments to be other than temporary if they are related to deterioration in credit risk or if it is likely we will sell the securities before the recovery of their cost basis. Realized gains and losses and declines in value judged to be other than temporary are determined based on the specific identification method and are reported in other income, net, in the consolidated statements of comprehensive income. Interest, amortization of premiums, and accretion of discount on all short-term investments are also included as a component of other income, net, in the consolidated statements of comprehensive income.

We may sell our short-term investments at any time, without significant penalty, for use in current operations or for other purposes, even if they have not yet reached maturity. As a result, we classify our investments, including securities with maturities beyond 12 months as current assets in the accompanying consolidated balance sheets.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount, net of allowance for doubtful accounts, which is not material.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets and commences once the asset is placed in service or ready for its intended use. Land is not depreciated. The estimated useful lives by asset classification are as follows:

Asset Classification	Estimated Useful Life
Building	30 years
Land and building improvements	10 years (land improvements) and estimated useful life of building (building improvements)
Equipment and computers	3 years
Furniture and fixtures	5 years
Leasehold improvements	Shorter of remaining life of the lease term or estimated useful life

Leases

We have operating and finance leases for corporate offices, data centers, and certain equipment. Additionally, we are the sublessor for certain office space.

Lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. We use an estimate of our discount rate based on the information available at the lease commencement date in determining the present value of lease payments, unless the implicit rate is readily determinable. The lease right-of-use assets also include any lease payments made and exclude lease incentives such as tenant improvement allowances. Options to extend or terminate the lease are included in the lease term when it is reasonably certain that we will exercise the extension or termination option.

Our operating leases typically include non-lease components such as common-area maintenance costs. We have elected to exclude non-lease components from lease payments for the purpose of calculating lease right-of-use assets and liabilities and these are expensed as incurred as variable lease payments.

Leases with a term of one year or less are not recognized on our consolidated balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term.

Internal-Use Software

We capitalize certain costs incurred for the development of computer software for internal use. We capitalize these costs during the development of the project, when it is determined that it is probable that the project will be completed, and the software will be used as intended. Costs related to preliminary project activities, post-implementation activities, training and maintenance are expensed as incurred. Internal-use software is amortized on a straight-line basis over its estimated useful life of three years, and the amortization expense is recorded as a component of cost of subscription services. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

Goodwill and Intangible Assets

Goodwill is tested for impairment annually in the fourth quarter of each year or if circumstances indicate the carrying value of goodwill is impaired.

We have one reporting unit and evaluate goodwill for impairment at the entity level. We completed our annual impairment test in our fourth quarter of the fiscal year ended January 31, 2020, which did not result in any impairment of the goodwill balance.

All other intangible assets associated with purchased intangibles, consisting of existing technology, databases, customer relationships, software, trade names and trademarks, data supplier and partner relationships, non-competition agreements, brand, and backlog are stated at cost less accumulated amortization and are amortized on a straight-line basis over their estimated remaining economic lives. Amortization expense related to existing technology, databases, data supplier and partner relationships, software, and backlog is included in cost of subscription services. Amortization expense related to customer relationships, trade names and trademarks, and brand are included in sales and marketing expense. Amortization expense related to non-competition agreements are included in both general and administrative and research and development expense.

Long-Lived Assets

Long-lived assets, such as property and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, we first compare undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. There were no impairment charges recognized during any of the periods presented.

Business Combinations

The purchase price in a business combination is assigned to the estimated acquisition date fair values of the tangible and intangible assets acquired and the liabilities assumed with the residual recorded as goodwill. Critical estimates in valuing certain of the intangible assets include, but are not limited to, the net present value of future expected cash flows, future revenue growth, margins, customer retention rates, technology life, royalty rates, expected use of acquired assets, and discount rates.

Stock-based Compensation

We recognize compensation expense for all stock-based awards, including stock options and restricted stock units (RSUs), based on the estimate of fair value of the award at the grant date. The fair value of each option award is estimated on the grant date using either a Monte Carlo simulation for market condition awards or Black-Scholes option-pricing model and a single option award approach. These models require that at the date of grant we determine the fair value of the underlying common stock, the expected term of the award, the expected volatility of the price of our common stock, risk-free interest rates, and expected dividend yield of our common stock. The fair value of each RSU award is measured based on the closing stock price of our common stock on the date of grant. We account for forfeitures as they occur. The compensation expense is recognized using a straight-line basis over the requisite service periods of the awards, which is generally four to nine years.

Cost of Revenues

Cost of subscription services revenues consists of expenses related to our computing infrastructure provided by third parties, including salesforce.com and Amazon Web Services, personnel related costs associated with hosting our subscription services and providing support, including our data stewards,

data acquisition costs, and allocated overhead, amortization expense associated with capitalized internal-use software related to our subscription services, and amortization expense associated with purchased intangibles related to our subscription services. Cost of subscription services revenues for Veeva CRM and certain of our multichannel customer relationship management applications includes fees paid to salesforce.com for our use of the Salesforce1 Platform and the associated hosting infrastructure and data center operations that are provided by salesforce.com.

Cost of professional services and other revenues consists primarily of employee-related expenses associated with providing these services, including salaries, benefits and stock-based compensation expense, the cost of third-party subcontractors, travel costs and allocated overhead.

Advertising Expenses

Advertising expenditures are expensed as incurred and were immaterial for each of the years presented.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

We regularly assess the realizability of our deferred tax assets and establish a valuation allowance if it is more-likely-than-not that some or all of our deferred tax assets will not be realized. We evaluate and weigh all available positive and negative evidence such as historic results, future reversals of existing deferred tax liabilities, projected future taxable income, as well as prudent and feasible tax-planning strategies. Generally, more weight is given to objectively verifiable evidence, such as the cumulative income in recent years.

We establish liabilities or reduce assets for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining whether the weight of available evidence indicates that it is more likely than not that the position will be sustained upon an audit, including resolution of related appeals or litigation processes, if any. The second step requires us to measure the tax benefit as the largest amount that is more likely than not to be realized upon ultimate settlement. We recognize interest accrued and penalties related to unrecognized tax benefits as a component of provision for income taxes.

Foreign Currency Exchange

Adjustments resulting from translating financial statements for those entities that do not have U.S. dollars as their functional currency are recorded as part of a separate component of the consolidated statements of comprehensive income. All assets and liabilities denominated in non-functional currency are translated into the functional currency at the exchange rate on the balance sheet date. Revenues and expenses are translated at the average exchange rate during the period. Equity transactions are translated using historical exchange rates. Foreign currency transaction gains and losses are included in the consolidated statements of comprehensive income for the period.

Indemnification

Our contracts generally include provisions for indemnifying customers against liabilities if our solutions infringe a third party's intellectual property rights, and we may also incur liabilities if we breach the security and/or confidentiality obligations in our contracts. To date, we have not incurred any material costs, and we have not accrued any liabilities in the accompanying consolidated financial statements, as a result of these obligations.

Loss Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment or remediation can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

New Accounting Pronouncements Adopted in Fiscal 2020

Leases

In February 2016, the FASB issued Topic 842 and related subsequent amendments, which requires lessees to record most leases on their balance sheets but recognize the expenses on their statements of comprehensive income in a manner similar to current accounting rules. Topic 842 states that a lessee should recognize a lease liability for the obligation to make lease payments and a right-of-use (ROU) asset for the right to use the underlying asset for the lease term. We have adopted this new standard in the first quarter of fiscal 2020 on February 1, 2019 using the effective date as our date of initial application. We adopted Topic 842 using the modified retrospective method as of February 1, 2019 with an immaterial amount of cumulative effect adjustment recorded to our retained earnings. Consequently, financial information for dates and periods before February 1, 2019 remain unchanged.

We elected the 'package of practical expedients,' which permits us not to reassess under the new standard our prior conclusions about lease identification, lease classification, and initial direct costs. We have also elected the short-term lease recognition exemption for all of our leases. This means, for those leases that qualify, we will not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. We did not apply the practical expedient for our office leases, which would have allowed us to combine lease and non-lease components for all of our office leases. However, we have applied the practical expedient for equipment leases, which has allowed us to combine lease and non-lease components for all of our equipment leases.

The most significant impact was the recognition of ROU assets and lease liabilities on our balance sheet. Adoption of Topic 842 had no material impact to our condensed consolidated statement of comprehensive income and no material impact to cash provided by or used in operating, financing or investing activities on our condensed consolidated statement of cash flows.

Intangibles and Goodwill

In January 2017, the FASB issued ASU No. 2017-04, "*Intangibles—Goodwill and Other: Simplifying the Test for Goodwill Impairment*" (Topic 350), which eliminates Step 2 from the goodwill impairment test. Under Topic 350, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax-deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. We early adopted this new standard during the fiscal quarter ended October 31, 2019, and it did not have an impact on our consolidated financial statements.

Fair Value Measurement

In August 2018, the FASB issued ASU No. 2018-13, “Fair Value Measurement: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement” (Topic 820), which modifies the disclosure requirements on fair value measurements. The ASU removes the requirement to disclose: the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy; the policy for timing of transfers between levels; and the valuation processes for Level 3 fair value measurements. We early adopted this new standard during the fiscal quarter ended July 31, 2019. Because we do not have such transfers or Level 3 financial assets, this standard does not apply to our current disclosures, and it did not impact our previously reported financial statements for periods ended on or prior to July 31, 2019.

Note 2. Acquisitions

During the fiscal year ended January 31, 2020, we completed two acquisitions, Crossix and Physicians World, both of which were accounted for as business combinations. The goodwill recognized for these acquisitions was primarily attributable to expected synergies from the integration with our products and services and is not deductible for U.S. tax purposes.

Crossix

On November 1, 2019, we acquired 100% ownership of Crossix in exchange for total consideration of \$427.9 million, which includes the impact of adjustments to purchase price associated with the cash and net working capital of the acquired entity at close. In addition, we granted certain Crossix employees equity retention awards valued at approximately \$120 million in the aggregate, which will be expensed as share-based compensation over the remaining service period. Crossix brings Veeva additional depth in patient data and data analytics, and we are integrating Crossix with our Veeva CRM and OpenData products. We incurred \$1.0 million in acquisition-related transaction costs which are reflected in general and administrative expenses on our consolidated statements of comprehensive income.

The fair value of assets acquired and liabilities assumed was based on a preliminary valuation, and our estimates and assumptions are subject to change within the measurement period. The area that is subject to change relates to certain tax-related items.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date (in thousands):

	Useful lives of intangible assets	Fair value
Net assets acquired		\$ 4,766
Identifiable intangible assets:		
Customer relationships	10 years	\$ 70,100
Existing technology	6 years	19,200
Trade name/Trademarks	5 years	13,200
Other intangibles	1 to 7 years	6,000
Purchased intangible assets		\$ 108,500
Goodwill		\$ 314,642
Total purchase consideration		\$ 427,908

The following unaudited pro forma information presents the combined results of operations for the periods presented as if the acquisition had been completed on February 1, 2018, the beginning of the

comparable prior annual reporting period. The unaudited pro forma results include the amortization associated with estimates for the purchased intangible assets and stock-based compensation expense associated with the retention awards granted.

The unaudited pro forma results do not reflect any cost saving synergies from operating efficiencies or the effect of the incremental costs incurred in integrating the two companies. Accordingly, these unaudited pro forma results are presented for information purpose only and are not necessarily indicative of what the actual results of operations of the combined company would have been if the acquisition had occurred at the beginning of the period presented, nor are they indicative of future results of operations (in thousands):

	For the fiscal year ended January 31,	
	2020	2019
	(Unaudited)	
Pro forma revenues	\$ 1,153,497	\$ 913,081
Pro forma net income	\$ 278,215	\$ 201,382
Pro forma net income per share:		
Basic	\$ 1.88	\$ 1.40
Diluted	\$ 1.76	\$ 1.29

Physicians World

On November 7, 2019, we completed our acquisition of Physicians World in exchange for total cash consideration of \$41.0 million, which includes the impact of adjustments to purchase price associated with the cash and net working capital of the acquired entity at close. In addition, we granted certain Physicians World employees equity retention awards valued at approximately \$15 million in the aggregate. Acquiring Physicians World makes it easier for our customers to get industry leading cloud software and services from a single vendor. We incurred \$0.3 million in acquisition-related transaction costs which are reflected in general and administrative expenses on our consolidated statements of comprehensive income.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date (in thousands):

	Useful lives of intangible assets	Fair value
Net assets acquired		\$ 1,221
Identifiable intangible assets:		
Customer relationships	10 years	\$ 7,700
Existing technology	6 years	3,300
Trade name/Trademarks	3 years	700
Purchased intangible assets		\$ 11,700
Goodwill		\$ 28,083
Total purchase price		\$ 41,004

Pro forma results of operations have not been presented because the effect of this acquisition was not material to the consolidated financial statements.

Note 3. Short-Term Investments

At January 31, 2020, short-term investments consisted of the following (in thousands):

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Available-for-sale securities:				
Certificates of deposits	\$ 3,500	\$ 3	\$ —	\$ 3,503
Asset-backed securities	100,419	396	(1)	100,814
Commercial paper	19,965	5	(1)	19,969
Corporate notes and bonds	234,664	1,552	(2)	236,214
Foreign government bonds	3,397	10	—	3,407
U.S. treasury securities	245,509	599	—	246,108
Total available-for-sale securities	<u>\$ 607,454</u>	<u>\$ 2,565</u>	<u>\$ (4)</u>	<u>\$ 610,015</u>

At January 31, 2019, short-term investments consisted of the following (in thousands):

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Available-for-sale securities:				
Certificates of deposits	\$ 6,001	\$ 10	\$ (1)	\$ 6,010
Asset-backed securities	78,682	13	(300)	78,395
Commercial paper	9,118	1	(2)	9,117
Corporate notes and bonds	185,409	178	(457)	185,130
Foreign government bonds	1,502	—	(11)	1,491
U.S. agency obligations	15,912	2	(2)	15,912
U.S. treasury securities	243,119	78	(62)	243,135
Total available-for-sale securities	<u>\$ 539,743</u>	<u>\$ 282</u>	<u>\$ (835)</u>	<u>\$ 539,190</u>

The following table summarizes the estimated fair value of our short-term investments, designated as available-for-sale and classified by the contractual maturity date of the securities as of the dates shown (in thousands):

	January 31,	
	2020	2019
Due in one year or less	\$ 247,592	\$ 377,858
Due in greater than one year	362,423	161,332
Total	<u>\$ 610,015</u>	<u>\$ 539,190</u>

The following table shows the fair values of these available-for-sale securities, some of which have been in an unrealized loss position for more than 12 months, aggregated by investment category as of January 31, 2020 (in thousands):

	Fair value	Unrealized losses
Asset-backed securities	2,623	(1)
Commercial paper	5,589	(1)
Corporate notes and bonds	9,105	(2)

The following table shows the fair values of these available-for-sale securities, some of which have been in an unrealized loss position for more than 12 months, aggregated by investment category as of January 31, 2019 (in thousands):

	Fair value	Unrealized losses
Certificates of deposits	\$ 999	\$ (1)
Asset-backed securities	69,131	(300)
Commercial paper	7,155	(2)
Corporate notes and bonds	121,006	(457)
Foreign government bonds	1,490	(11)
U.S. agency obligations	14,928	(2)
U.S. treasury securities	130,785	(62)

There were no impairments considered other-than-temporary as of January 31, 2020 and 2019 as it is more likely than not we will hold the securities until recovery of the cost basis.

Note 4. Deferred Costs

Deferred costs, which consist of deferred sales commissions, were \$35.6 million and \$30.9 million as of January 31, 2020 and 2019, respectively. Amortization expense for the deferred costs included in sales and marketing expenses in the consolidated statements of comprehensive income was \$20.5 million, \$18.4 million, and \$16.6 million for fiscal years ended January 31, 2020, 2019, and 2018, respectively. There have been no impairment losses recorded in relation to the costs capitalized for any period presented.

Note 5. Property and Equipment, Net

Property and equipment, net consists of the following as of the dates shown (in thousands):

	January 31,	
	2020	2019
Land	\$ 3,040	\$ 3,040
Building	20,984	20,984
Land improvements and building improvements	22,392	20,911
Equipment and computers	11,066	7,945
Furniture and fixtures	12,849	11,230
Leasehold improvements	9,385	6,790
Construction in progress	386	330
	80,102	71,230
Less accumulated depreciation	(25,350)	(16,264)
Total property and equipment, net	<u>\$ 54,752</u>	<u>\$ 54,966</u>

Total depreciation expense was \$8.5 million, \$6.4 million, and \$5.9 million for the fiscal years ended January 31, 2020, 2019, and 2018, respectively. Land is not depreciated.

Note 6. Intangible Assets and Goodwill

The following schedule presents the details of intangible assets as of January 31, 2020 (dollar amounts in thousands):

	January 31, 2020			
	Gross carrying amount	Accumulated amortization	Net	Remaining useful life (in years)
Existing technology	\$ 26,380	\$ (4,808)	\$ 21,572	5.8
Customer relationships	111,443	(17,575)	93,868	9.0
Trade name/Trademarks	13,900	(720)	13,180	4.7
Other intangibles	22,947	(16,966)	5,981	5.0
	<u>\$ 174,670</u>	<u>\$ (40,069)</u>	<u>\$ 134,601</u>	

The following schedule presents the details of intangible assets as of January 31, 2019 (dollar amounts in thousands):

	January 31, 2019			
	Gross carrying amount	Accumulated amortization	Net	Remaining useful life (in years)
Existing technology	\$ 3,880	\$ (3,834)	\$ 46	1.2
Customer relationships	33,643	(12,350)	21,293	6.6
Other intangibles	16,947	(13,765)	3,182	1.2
	<u>\$ 54,470</u>	<u>\$ (29,949)</u>	<u>\$ 24,521</u>	

Amortization expense associated with intangible assets for the fiscal years ended January 31, 2020, 2019, and 2018 was \$10.1 million, \$7.0 million, and \$7.8 million, respectively.

The estimated amortization expense for intangible assets for the next five years and thereafter is as follows as of January 31, 2020 (in thousands):

Period	Estimated amortization expense
Fiscal 2021	\$ 19,595
Fiscal 2022	18,397
Fiscal 2023	18,342
Fiscal 2024	18,160
Fiscal 2025	17,417
Thereafter	42,690
Total	<u>\$ 134,601</u>

The following schedule presents the details of goodwill as of January 31, 2020 (in thousands):

	Goodwill
Balance as of January 31, 2019	\$ 95,804
Goodwill from Crossix acquisition	314,642
Goodwill from Physicians World acquisition	28,083
Balance as of January 31, 2020	<u>\$ 438,529</u>

Note 7. Accrued Expenses

Accrued expenses consisted of the following as of the dates shown (in thousands):

	January 31,	
	2020	2019
Accrued commissions	\$ 8,951	\$ 2,633
Accrued bonus	4,329	2,848
Accrued vacation	3,921	3,110
Payroll tax payable	7,353	1,971
Accrued other compensation and benefits	1,065	4,762
Total accrued compensation and benefits	\$ 25,619	\$ 15,324
Accrued fees payable to salesforce.com	5,787	5,242
Accrued third-party professional services subcontractors' fees	1,338	1,619
Taxes payable	4,914	2,805
Other accrued expenses	9,581	6,479
Total accrued expenses and other current liabilities	\$ 21,620	\$ 16,145

Note 8. Fair Value Measurements

The following table presents the fair value hierarchy for financial assets measured at fair value on a recurring basis as of January 31, 2020 (in thousands):

	Level 1	Level 2	Total
Assets			
Cash equivalents:			
Money market funds	\$ 24,107	\$ —	\$ 24,107
Commercial paper	—	1,616	1,616
Corporate notes and bonds	—	2,245	2,245
Short-term investments:			
Certificates of deposits	—	3,503	3,503
Asset-backed securities	—	100,815	100,815
Commercial paper	—	19,969	19,969
Corporate notes and bonds	—	236,214	236,214
Foreign government bonds	—	3,407	3,407
U.S. treasury securities	—	246,107	246,107
Foreign currency derivative contracts	—	75	75
Total	\$ 24,107	\$613,951	\$638,058
Liabilities			
Foreign currency derivative contracts	—	42	42
Total	\$ —	\$ 42	\$ 42

The following table presents the fair value hierarchy for financial assets measured at fair value on a recurring basis as of January 31, 2019 (in thousands):

	Level 1	Level 2	Total
Assets			
Cash equivalents:			
Money market funds	\$ 39,168	\$ —	\$ 39,168
Corporate notes and bonds	—	1,034	1,034
U.S. treasury securities	—	41,505	41,505
Short-term investments:			
Certificates of deposits	—	6,010	6,010
Asset-backed securities	—	78,395	78,395
Commercial paper	—	9,117	9,117
Corporate notes and bonds	—	185,130	185,130
Foreign government bonds	—	1,491	1,491
U.S. agency obligations	—	15,912	15,912
U.S. treasury securities	—	243,135	243,135
Total	\$ 39,168	\$ 581,729	\$ 620,897
Liabilities			
Foreign currency derivative contracts	—	88	88
Total	\$ —	\$ 88	\$ 88

We determine the fair value of our security holdings based on pricing from our service providers and market prices from industry-standard independent data providers. The valuation techniques used to measure the fair value of financial instruments having Level 2 inputs were derived from non-binding consensus prices that are corroborated by observable market data or quoted market prices for similar instruments. Such market prices may be quoted prices in active markets for identical assets (Level 1 inputs) or pricing determined using inputs other than quoted prices that are observable either directly or indirectly (Level 2 inputs).

The carrying amounts of accounts receivable and other current assets, accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

Balance Sheet Hedges

We enter into foreign currency forward contracts (the “Forward Contracts”) in order to hedge our foreign currency exposure. We account for derivative instruments at fair value with changes in the fair value recorded as a component of other income, net in our consolidated statements of comprehensive income. Cash flows from such forward contracts are classified as operating activities. During the fiscal years ended January 31, 2020 and 2019, we recognized realized foreign currency losses on hedging of \$0.3 million and foreign currency gains of \$0.3 million, respectively.

The fair value of our outstanding derivative instruments is summarized below (in thousands):

	January 31,	
	2020	2019
Notional amount of foreign currency derivative contracts	\$ 7,304	\$ (5,112)
Fair value of foreign currency derivative contracts	7,271	(5,024)

Details on outstanding balance sheet hedges are presented below as of the date shown below (in thousands):

		January 31,	
		2020	2019
Derivative Assets	Balance Sheet Location		
Derivatives not designated as hedging instruments:			
Foreign currency derivative contracts	Prepaid expenses and other current assets	\$ 75	\$ —
Derivative Liabilities			
Derivatives not designated as hedging instruments:			
Foreign currency derivative contracts	Accrued expenses	\$ 42	\$ 88

Note 9. Other Income, Net

Other income, net consisted of the following (in thousands):

	Fiscal Year Ended January 31,		
	2020	2019	2018
Foreign currency gain (loss)	\$ (708)	\$ (2,103)	\$ 1,177
Accretion (amortization) on investments	3,001	2,492	(1,718)
Interest income	25,185	15,388	8,383
Other income, net	\$ 27,478	\$ 15,777	\$ 7,842

Note 10. Income Taxes

The components of income before income taxes by U.S. and foreign jurisdictions were as follows for the periods shown (in thousands):

	Fiscal Year Ended January 31,		
	2020	2019	2018
United States	\$ 305,339	\$ 222,743	\$ 140,172
Foreign	8,358	15,900	25,599
Total	\$ 313,697	\$ 238,643	\$ 165,771

The majority of our revenues from international sales are invoiced from and collected by our U.S. entity and recognized as a component of income before taxes in the United States as opposed to a foreign jurisdiction.

Provision for income taxes consisted of the following for the periods shown (in thousands):

	Fiscal Year Ended January 31,		
	2020	2019	2018
Current provision:			
Federal	\$ 11,143	\$ 5,466	\$ 5,315
State	4,695	4,089	209
Foreign	3,404	7,438	8,022
Total	\$ 19,242	\$ 16,993	13,546
Deferred provision:			
Federal	(1,063)	(1,910)	1,681
State	(517)	(619)	330
Foreign	(5,083)	(5,653)	(963)
Total	\$ (6,663)	\$ (8,182)	\$ 1,048
Provision for income taxes	\$ 12,579	\$ 8,811	\$ 14,594

Provision for income taxes differed from the amount computed by applying the federal statutory income tax rate of 21.0%, 21.0%, and 33.8% for the fiscal years ended January 31, 2020, 2019, and 2018, respectively, to income before income taxes as a result of the following for the periods shown (in thousands):

	Fiscal Year Ended January 31,		
	2020	2019	2018
Federal tax statutory tax rate	\$ 65,876	\$ 50,115	\$ 56,047
State taxes	3,035	3,139	3,936
Tax credits	(23,468)	(21,415)	(9,409)
Domestic manufacturing deduction	—	—	(1,096)
Stock-based compensation	(34,569)	(33,332)	(37,347)
Foreign rate differential	411	610	(2,207)
Valuation allowance	7,408	6,666	4,010
Impact of foreign operations	470	3,381	4,842
Foreign derived intangible income deduction (FDII) ⁽¹⁾	(4,836)	(2,086)	—
Others ⁽¹⁾	(1,748)	1,733	(4,182)
Provision for income taxes	\$ 12,579	\$ 8,811	\$ 14,594

(1) Note that prior periods have been adjusted due to prior period reclassifications.

The tax effects of temporary differences that give rise to significant portions of our deferred tax assets and liabilities related to the following (in thousands):

	January 31,	
	2020	2019
Deferred Tax Assets:		
Accruals and reserves	\$ 10,355	\$ 7,678
State income taxes	931	116
Stock-based compensation ⁽¹⁾	9,861	5,180
Net operating loss carryforward	32,916	2,885
Tax credit carryforward	21,458	15,411
Lease liabilities ⁽²⁾	13,808	—
Other	217	435
Gross Deferred Tax Assets	\$ 89,546	\$ 31,705
Valuation Allowance	(22,694)	(15,385)
Total Deferred Tax Assets	\$ 66,852	\$ 16,320
Deferred Tax Liabilities:		
Property and equipment	\$ (650)	\$ (822)
Intangible assets	(33,518)	(7,159)
Expensed internal-use software	(974)	(608)
Lease right-of-use assets ⁽²⁾	(12,717)	—
Deferred costs ⁽¹⁾	(8,922)	(7,888)
Other ⁽¹⁾	(619)	—
Total Deferred Tax Liabilities	\$ (57,400)	\$ (16,477)
Net Deferred Tax Assets (Liabilities)	\$ 9,452	\$ (157)

(1) Note that prior periods have been adjusted due to prior period reclassifications.

(2) Note that current period classifications reflect the adoption of Topic 842.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. As a result, a valuation allowance was assessed as it is not more likely than not that we will recognize the future benefits on certain tax credits and net California deferred tax asset balances.

The net impact of our purchase price accounting allocation on our deferred tax assets and liabilities was immaterial.

As of January 31, 2020, the net operating loss carryforwards for federal and state income tax purposes were approximately \$110.9 million and \$106.3 million, respectively. The federal net operating losses do not expire and the state net operating losses begin to expire in 2033.

As of January 31, 2020, we had \$34.8 million of California research and development tax credits available to offset future taxes, which do not expire.

We evaluate tax positions for recognition using a more-likely than-not recognition threshold, and those tax positions eligible for recognition are measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon the effective settlement with a taxing authority that has full knowledge of all relevant information. We classify unrecognized tax benefits that are not expected to result in payment or receipt of cash within one year as “other non-current liabilities” in the consolidated balance sheets. As of January 31, 2020, the total amount of gross unrecognized tax benefits was \$14.5 million, of which \$6.8 million, if recognized, would favorably impact our effective tax rate. The aggregate changes in our total gross amount of unrecognized tax benefits are summarized as follows for the periods shown (in thousands):

	Fiscal Year Ended January 31,		
	2020	2019	2018
Beginning balance	\$ 12,597	\$ 11,398	\$ 7,868
Increases related to tax positions taken during the prior period	796	968	256
Increases related to tax positions taken during the current period	3,420	2,697	4,032
Decreases related to tax positions taken during the prior period	(128)	(1,754)	(67)
Audit settlements	—	(403)	—
Lapse of statute of limitations	(2,170)	(309)	(691)
Ending balance	<u>\$ 14,515</u>	<u>\$ 12,597</u>	<u>\$ 11,398</u>

Our policy is to classify interest and penalties associated with unrecognized tax benefits as a component of the provision for income taxes. Interest and penalties were not significant during fiscal year ended January 31, 2020.

We file tax returns in the United States for federal, California, and other states. Fiscal years ended January 31, 2017 and forward remain open to examination for federal income tax, and fiscal years ended January 31, 2015 and forward remain open to examination for California and other states. We file tax returns in multiple foreign jurisdictions. The fiscal years ended January 31, 2014 and forward remain open to examination in these foreign jurisdictions.

Note 11. Deferred Revenue and Performance Obligations

Of the beginning deferred revenue balance for the respective periods, we recognized \$353.4 million and \$264.8 million of subscription services revenue during fiscal years ended January 31, 2020 and 2019, respectively. Professional services revenue recognized in the same periods from deferred revenue balances at the beginning of the respective periods was immaterial.

Transaction Price Allocated to the Remaining Performance Obligations

Transaction price allocated to the remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue and non-cancelable amounts that will be invoiced and recognized as revenues in future periods. We applied the practical expedient in accordance with Topic 606 to exclude the amounts related to professional services contracts as these contracts generally have a remaining duration of one year or less. Revenue from remaining performance obligations for professional services contracts as of January 31, 2020 was immaterial.

As of January 31, 2020, approximately \$897.7 million of revenue is expected to be recognized from remaining performance obligations for subscription services contracts. We expect to recognize revenue on approximately 83% of these remaining performance obligations over the next 12 months, with the balance recognized thereafter.

Note 12. Leases

We have operating and finance leases for corporate offices, data centers, and certain equipment. Our leases have various expiration dates through 2030, some of which include options to extend the leases for up to nine years. Additionally, we are the sublessor for certain office space. Our sublease income for the fiscal year ended January 31, 2020 was immaterial.

For the fiscal year ended January 31, 2020, our operating lease expense was \$7.9 million. Our finance lease expense was \$1.3 million for the fiscal year ended January 31, 2020. For the fiscal year ended January 31, 2020, our short-term lease expense was \$0.4 million.

Supplemental cash flow information related to leases was as follows (in thousands):

	Year ended January 31, 2020
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows towards operating leases	\$ 7,657
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	\$ 23,546
Operating leases obtained through business combinations	\$ 14,550

Supplemental balance sheet information related to leases was as follows (in thousands, except lease term and discount rate):

	January 31, 2020
Operating Leases	
Lease right-of-use-assets	\$ 49,132
Lease liabilities	\$ 8,960
Lease liabilities, noncurrent	44,453
Total operating lease liabilities	\$ 53,413
Finance Leases	
Property and equipment, at cost	\$ 1,761
Accumulated depreciation	(1,320)
Property and equipment, net	\$ 441
Lease liabilities	\$ 1,054
Lease liabilities, noncurrent	362
Total finance lease liabilities	\$ 1,416
Weighted Average Remaining Lease Term	
Operating leases	7.1 years
Finance leases	1.3 years
Weighted Average Discount Rate	
Operating leases	4.3%
Finance leases	4.3%

Maturities of lease liabilities as of January 31, 2020 were as follows (in thousands):

Period	Operating leases	Finance leases
Fiscal 2021	\$ 10,722	\$ 1,090
Fiscal 2022	10,215	364
Fiscal 2023	8,056	—
Fiscal 2024	7,311	—
Fiscal 2025	5,344	—
Thereafter	20,867	—
Total lease payments	62,515	1,454
Less imputed interest	(9,102)	(38)
Total	<u>\$ 53,413</u>	<u>\$ 1,416</u>

Future minimum lease payments under non-cancelable operating leases as of January 31, 2019 under ASC 840 were as follows (in thousands):

Period	Operating leases
Fiscal 2020	\$ 5,079
Fiscal 2021	4,843
Fiscal 2022	4,063
Fiscal 2023	2,534
Fiscal 2024	1,884
Thereafter	1,495
Total	<u>\$ 19,898</u>

As of January 31, 2020, we have additional operating leases, primarily for office leases, that have not yet commenced of \$3.4 million. These operating leases will commence during the fiscal year ending January 31, 2021 with lease terms of less than one year to five years.

Note 13. Stockholders' Equity

Beginning in the fiscal quarter ended April 30, 2019, we implemented a new equity compensation program applicable to the vast majority of our employees but not applicable to our Chief Executive Officer (CEO). Prior to the adoption of the new equity compensation program, at the time of hire, our employees received a grant of RSUs that vested quarterly over four years and received additional equity from time to time thereafter. Under the new equity compensation program, the vast majority of our employees are granted both RSUs, which typically vest over a one-year period, and stock options, which typically vest over a four-year period.

Common Stock

In connection with our initial public offering in October 2013 (IPO), we amended our certificate of incorporation to provide for Class A common stock, Class B common stock and preferred stock. Immediately prior to the consummation of the IPO, all outstanding shares of convertible preferred stock and common stock were converted into shares of Class B common stock. As a result, following the IPO, we have two classes of authorized common stock: Class A common stock and Class B common stock.

As of January 31, 2020, we had 133,892,725 shares of Class A common stock and 15,202,858 shares of Class B common stock outstanding.

As of January 31, 2019, we had 125,980,019 shares of Class A common stock and 20,210,060 shares of Class B common stock outstanding.

Employee Equity Plans

2007 Stock Plan

Our board of directors adopted our 2007 Stock Plan (2007 Plan) in February 2007, and our stockholders approved it in February 2007. No further awards have been made under our 2007 Plan since the adoption of the 2012 Equity Incentive Plan. However, awards outstanding under our 2007 Plan will continue to be governed by their existing terms.

2012 Equity Incentive Plan

Our board of directors adopted our 2012 Equity Incentive Plan (2012 EIP) in November 2012, and our stockholders approved it in December 2012. An amendment and restatement of the 2012 EIP was approved by our board of directors in March 2013, and our stockholders approved it in March 2013. The 2012 EIP became effective on adoption and replaced our 2007 Plan. No further awards have been made under our 2012 EIP since the adoption of the 2013 Equity Incentive Plan. However, awards outstanding under the 2012 EIP will continue to be governed by their existing terms.

2013 Equity Incentive Plan

Our board of directors adopted our 2013 Equity Incentive Plan (2013 EIP) in August 2013, and our stockholders approved it in September 2013. The 2013 EIP became effective immediately on adoption although no awards were made under it until the date of our IPO on October 15, 2013, at which time our 2013 EIP replaced our 2012 EIP.

As of January 31, 2020, the number of shares of our Class A common stock available for issuance under the 2013 EIP was 28,471,030 plus any shares of our Class B common stock subject to awards under the 2012 EIP and the 2007 Plan that expire or lapse unexercised or, with respect to shares issued pursuant to such awards, are forfeited or repurchased by us after the date of our IPO on October 15, 2013. The number of shares available for issuance under the 2013 EIP automatically increases on the first business day of each of our fiscal years, commencing in 2014, by a number equal to the least of (a) 13.75 million shares, (b) 5% of the shares of all classes of our common stock outstanding on the last business day of the prior fiscal year, or (c) the number of shares determined by our board of directors. During our fiscal year ended January 31, 2020, our board of directors determined to add 6,578,553 shares of common stock to the 2013 EIP.

2013 Employee Stock Purchase Plan

Our ESPP was adopted by our board of directors in August 2013 and our stockholders approved it in September 2013. The ESPP became effective as of our IPO registration statement on Form S-1, on October 15, 2013. Our ESPP is intended to qualify under Section 423 of the Internal Revenue Code of 1986, as amended (Code). The ESPP was approved with a reserve of 4.0 million shares of Class A common stock for future issuance under various terms provided for in the ESPP. As of January 31, 2020, the number of shares available for issuance under our ESPP was 4,897,856. The number of shares available for issuance under the ESPP automatically increases on the first business day of each of our fiscal years, commencing in 2014, by a number equal to the least of (a) 2.2 million shares, (b) 1% of the shares of all classes of our common stock outstanding on the last business day of the prior fiscal year or (c) the number of shares determined by our board of directors. Prior to the beginning of our fiscal year ended January 31, 2020, our board of directors determined not to increase the number of shares available for issuance under the ESPP.

During active offering periods, our ESPP permits eligible employees to acquire shares of our common stock at 85% of the lower of the fair market value of our Class A common stock on the first day of the applicable offering period or the fair market value of our Class A common stock on the purchase date. Participants may purchase shares of common stock through payroll deductions of up to 15% of their

eligible compensation, subject to any plan limitations. The initial offering period for our ESPP commenced on the date of our initial public offering and ended on June 15, 2014. We have not had any open offering periods subsequent to the initial offering period.

Voting Rights

The holders of our Class B common stock are entitled to ten votes per share, and holders of our Class A common stock are entitled to one vote per share. The holders of our Class A common stock and Class B common stock vote together as a single class, unless otherwise required by our restated certificate of incorporation or law. Delaware law could require either holders of our Class A common stock or our Class B common stock to vote separately as a single class in the following circumstances:

- if we were to seek to amend our restated certificate of incorporation to increase the authorized number of shares of a class of stock, or to increase or decrease the par value of a class of stock, then that class would be required to vote separately to approve the proposed amendment; and
- if we were to seek to amend our restated certificate of incorporation in a manner that alters or changes the powers, preferences or special rights of a class of stock in a manner that affected its holders adversely, then that class would be required to vote separately to approve the proposed amendment.

Our restated certificate of incorporation requires the approval of a majority of our outstanding Class B common stock voting as a separate class for any transaction that would result in a change in control of our company.

Stockholders do not have the ability to cumulate votes for the election of directors. Our restated certificate of incorporation and amended and restated bylaws that became effective upon the closing of our IPO provide for a classified board of directors consisting of three classes of approximately equal size, each serving staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms.

Dividend Rights

Holders of outstanding shares of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and only then at the times and in the amounts that our board of directors may determine. To date, no dividends have been declared or paid by us.

No Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights and is not subject to conversion, redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

Upon our dissolution, liquidation or winding-up, the assets legally available for distribution to our stockholders are distributable ratably among the holders of our common stock, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights and payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Conversion Rights

Each outstanding share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer, whether or not for value, which

occurs following the closing of our IPO, except for certain permitted transfers described in our restated certificate of incorporation, including transfers to any “permitted transferee” as defined in our restated certificate of incorporation, which includes, among others, transfers:

- to trusts, corporations, limited liability companies, partnerships, foundations or similar entities established by a Class B stockholder, provided that:
- such transfer is to entities established by a Class B stockholder where the Class B stockholder retains the exclusive right to vote and direct the disposition of the shares of Class B common stock; or
- such transfer does not involve payment of cash, securities, property or other consideration to the Class B stockholder.

Once converted into Class A common stock, a share of Class B common stock may not be reissued.

All the outstanding shares of Class A and Class B common stock will convert automatically into shares of a single class of common stock upon the earliest to occur of the following: (i) upon the election of the holders of a majority of the then-outstanding shares of Class B common stock or (ii) October 15, 2023. Following such conversion, each share of common stock will have one vote per share and the rights of the holders of all outstanding common stock will be identical. Once converted into a single class of common stock, the Class A and Class B common stock may not be reissued.

Stock Option Activity

The 2007 Stock Plan and the 2012 EIP provided, and the 2013 EIP provides, for the issuance of incentive and nonstatutory options to employees, consultants and non-employee directors. Options issued under and outside of the 2007 Plan generally are exercisable for periods not to exceed 10 years and generally vest over four to five years. Options issued under the 2012 EIP and 2013 EIP generally are exercisable for periods not to exceed 10 years and generally vest over five to nine years. A summary of stock option activity for the fiscal year ended January 31, 2020 is presented below:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Options outstanding at January 31, 2019	12,961,397	\$ 19.43	5.4	\$ 1,161,695,032
Options granted	2,502,908	129.79		
Options exercised	(1,665,778)	6.54		
Options forfeited/cancelled	(350,501)	55.16		
Options outstanding at January 31, 2020	13,448,026	\$ 40.64	5.4	\$ 1,426,502,005
Options vested and exercisable at January 31, 2020	6,697,955	\$ 6.19	3.2	\$ 940,544,986
Options vested and exercisable at January 31, 2020 and expected to vest thereafter	13,448,026	\$ 40.64	5.4	\$ 1,426,502,005

The weighted average grant-date fair value of options granted during the fiscal years ended January 31, 2020, 2019 and 2018 was \$60.05, \$35.43, and \$30.87, respectively, per share.

As of January 31, 2020, there was \$194.5 million in unrecognized compensation cost related to unvested stock options granted under the 2007 Plan, 2012 EIP and 2013 EIP. This cost is expected to be recognized over a weighted average period of 3.9 years.

As of January 31, 2020, we had authorized and unissued shares of common stock sufficient to satisfy exercises of stock options.

Our closing stock price as reported on the New York Stock Exchange as of January 31, 2020, the last trading day of fiscal year 2020 was \$146.61. The total intrinsic value of options exercised was \$229.0 million for the fiscal year ended January 31, 2020.

Restricted Stock Units

The 2013 EIP provides for the issuance of RSUs to employees. RSUs issued under the 2013 EIP generally vest over one to five years. A summary of RSU activity for the fiscal year ended January 31, 2020 is presented below:

	Unreleased restricted stock units	Weighted average grant date fair value
Balance at January 31, 2019	2,359,132	\$ 54.73
RSUs granted	892,667	142.92
RSUs vested	(1,239,933)	57.73
RSUs forfeited/cancelled	(193,244)	61.28
Balance at January 31, 2020	1,818,622	\$ 95.23

During the fiscal year ended January 31, 2020, we issued RSUs under the 2013 EIP with a weighted-average grant date fair value of \$142.92.

As of January 31, 2020, there was a total of \$157.4 million in unrecognized compensation cost related to unvested RSUs, which are expected to be recognized over a weighted-average period of approximately 2.8 years. The total intrinsic value of RSUs vested was \$178.8 million for the fiscal year ended January 31, 2020.

Stock-Based Compensation

The following table presents the weighted-average assumptions used to estimate the grant date fair value of options granted during the periods presented:

	Fiscal year ended January 31,		
	2020	2019	2018
Volatility	39% – 41%	41%	42% – 44%
Expected term (in years)	5.64 – 6.61	6.25 – 6.35	6.35
Risk-free interest rate	1.39% – 2.52%	2.57% – 2.74%	1.86% – 2.21%
Dividend yield	0%	0%	0%

During the fiscal year ended January 31, 2018, we granted 2,838,635 stock options to our CEO. The stock option award is made up of five separate tranches. The first tranche vests over time, while the remaining four tranches vest based on certain stock price targets (market conditions). The grant date fair values of each tranche were calculated using a Monte Carlo simulation model. We have based our expected term on the historical stock activity behavior of our CEO. The following table provides the assumptions used in the Monte Carlo simulation for each tranche granted:

Volatility	41%
Expected term (in years)	10.00
Risk-free interest rate	2.53%
Dividend yield	0%

Note 14. Net Income per Share

Basic net income per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding during the period.

Diluted net income per share is computed by dividing net income by the weighted-average shares outstanding, including potentially dilutive shares of common equivalents outstanding during the period. The dilutive effect of potential shares of common stock are determined using the treasury stock method.

The computation of fully diluted net income per share of Class A common stock assumes the conversion from Class B common stock, while the fully diluted net income per share of Class B common stock does not assume the conversion of those shares.

The numerators and denominators of the basic and diluted EPS computations for our common stock are calculated as follows (in thousands, except per share data):

	For the fiscal year ended January 31,					
	2020		2019		2018	
	(in thousands)					
	Class A	Class B	Class A	Class B	Class A	Class B
Basic						
Numerator						
Net income, basic	\$ 266,104	\$ 35,014	\$ 194,607	\$ 35,225	\$ 121,203	\$ 29,974
Denominator						
Weighted average shares used in computing net income per share, basic	130,610	17,186	122,137	22,107	112,491	27,820
Net income per share, basic	\$ 2.04	\$ 2.04	\$ 1.59	\$ 1.59	\$ 1.08	\$ 1.08
Diluted						
Numerator						
Net income, basic	\$ 266,104	\$ 35,014	\$ 194,607	\$ 35,225	\$ 121,203	\$ 29,974
Reallocation as a result of conversion of Class B to Class A common stock:						
Net income, basic	35,014	—	35,225	—	29,974	—
Reallocation of net income to Class B common stock	—	17,652	—	14,800	—	10,545
Net income, diluted	\$ 301,118	\$ 52,666	\$ 229,832	\$ 50,025	\$ 151,177	\$ 40,519
Denominator						
Number of shares used for basic EPS computation	130,610	17,186	122,137	22,107	112,491	27,820
Conversion of Class B to Class A common stock	17,186	—	22,107	—	27,820	—
Effect of potentially dilutive common shares	10,500	10,500	11,873	11,873	13,370	13,370
Weighted average shares used in computing net income per share, diluted	158,296	27,686	156,117	33,980	153,681	41,190
Net income per share, diluted	\$ 1.90	\$ 1.90	\$ 1.47	\$ 1.47	\$ 0.98	\$ 0.98

Potential common share equivalents excluded where the inclusion would be anti-dilutive are as follows:

	Fiscal Year Ended January 31,		
	2020	2019	2018
Options and awards to purchase shares not included in the computation of diluted net income per share because their inclusion would be anti-dilutive	1,461,255	3,054,322	833,691

Note 15. Commitments and Contingencies

Litigation

IQVIA Litigation Matters.

Veeva OpenData and Veeva Network Action.

On January 10, 2017, IQVIA Inc. (formerly Quintiles IMS Incorporated) and IMS Software Services, Ltd. (collectively, "IQVIA") filed a complaint against us in the U.S. District Court for the District of New Jersey (IQVIA Inc. v. Veeva Systems Inc. (No. 2:17-cv-00177)) ("OpenData and Network Action"). In the complaint, IQVIA alleges that we have used unauthorized access to proprietary IQVIA data to improve our software and data products and that our software is designed to steal IQVIA trade secrets. IQVIA further alleges that we have intentionally gained unauthorized access to IQVIA proprietary information to gain an unfair advantage in marketing our products and that we have made false statements concerning IQVIA's conduct and our data security capabilities. IQVIA asserts claims under both federal and state misappropriation of trade secret laws, federal false advertising law, and common law claims for unjust enrichment, tortious interference, and unfair trade practices. The complaint seeks declaratory and injunctive relief and unspecified monetary damages.

On March 13, 2017, we filed our answer and counterclaims in the OpenData and Network Action. Our counterclaims allege that IQVIA has abused monopoly power as the dominant provider of data products for life sciences companies to exclude Veeva OpenData and Veeva Network from their respective markets. The counterclaims allege that IQVIA has engaged in various tactics to prevent customers from using our applications and has deliberately raised costs and difficulty for customers attempting to switch from IQVIA to our data products. As amended, our counterclaims assert federal and state antitrust claims, as well as claims under California's Unfair Practices Act and common law claims for intentional interference with contractual relations, intentional interference with prospective economic advantage, and negligent misrepresentation. The counterclaims seek injunctive relief, monetary damages exceeding \$200 million, and attorneys' fees.

On May 3, 2017, in lieu of filing an answer, IQVIA filed a motion to dismiss our counterclaims. On October 3, 2018, the court denied IQVIA's motion to dismiss and allowed our antitrust claims to proceed. In addition, on December 3, 2018, we filed an amended answer and counterclaims. IQVIA filed its answer and affirmative defenses on December 21, 2018.

On February 18, 2020, IQVIA filed a motion for sanctions against Veeva, seeking default judgment and dismissal and, in the alternative, a negative inference at trial. The court has referred the motion to the Special Master appointed to assist the court with discovery and pretrial disputes.

Discovery is currently in process.

While it is not possible at this time to predict with any degree of certainty the ultimate outcome of this action, and we are unable to make a meaningful estimate of the amount or range of gain or loss, if any, that could result from the OpenData and Network Action, we believe that IQVIA's claims lack merit and that our counterclaims warrant injunctive relief and monetary damages for Veeva.

Veeva Nitro Action.

On July 17, 2019, IQVIA filed a lawsuit in the U.S. District Court for the District of New Jersey (IQVIA Inc. v. Veeva Systems Inc. (No. 2:19-cv-15517)) ("IQVIA Declaratory Action") seeking a declaratory judgment that IQVIA is not liable to Veeva for disallowing use of IQVIA's data products in Veeva Nitro or any later-introduced Veeva SaaS products. The IQVIA Declaratory Action does not seek any monetary relief.

On July 18, 2019, we filed a lawsuit against IQVIA in the U.S. District Court for the Northern District of California (*Veeva Systems Inc. v. IQVIA Inc.* (No. 3:19-cv-04137)) (“Veeva Nitro Action”), alleging that IQVIA engaged in anticompetitive conduct as to Veeva Nitro. Our complaint asserts federal and state antitrust claims, as well as claims under California’s Unfair Competition Law and common law claims for intentional interference with contractual relations and intentional interference with prospective economic advantage. The complaint seeks injunctive relief and monetary damages. IQVIA filed its answer and affirmative defenses on September 5, 2019.

On September 26, 2019, the Northern District of California transferred the Veeva Nitro Action to the U.S. District Court for the District of New Jersey.

On March 24, 2020, we amended our complaint in the Veeva Nitro Action to include allegations of IQVIA’s anticompetitive conduct as to additional Veeva software applications, such as Veeva Andi, Veeva Align, and Veeva Vault MedComms; additional examples of IQVIA’s monopolistic behavior against Veeva Nitro; IQVIA’s unlawful access of Veeva’s proprietary software products; and a request for declaratory relief.

There are no motions currently pending in the IQVIA Declaratory Action or the Veeva Nitro Action that have the potential to end the cases. The court has not yet held a scheduling conference to set the case management schedule.

While it is not possible at this time to predict with any degree of certainty the ultimate outcome of these two actions, we believe that our claims warrant injunctive and declaratory relief and monetary damages for Veeva and against IQVIA.

Medidata Litigation Matter.

On January 26, 2017, Medidata Solutions, Inc. filed a complaint in the U.S. District Court for the Southern District of New York (*Medidata Solutions, Inc. v. Veeva Systems Inc. et al.* (No. 1:17-cv-00589)) against us and five individual Veeva employees who previously worked for Medidata (“Individual Employees”). The complaint alleged that we induced and conspired with the Individual Employees to breach their employment agreements, including non-compete and confidentiality provisions, and to misappropriate Medidata’s confidential and trade secret information. The complaint sought declaratory and injunctive relief, unspecified monetary damages, and attorneys’ fees. Medidata has since amended its complaint twice, asserting the same claims with additional factual allegations, and has voluntarily dismissed the Individual Defendants without prejudice.

After Veeva’s motion to dismiss was denied, Veeva filed its answer on December 10, 2018.

There are no motions currently pending in the Medidata case that have the potential to end the case prior to trial. Discovery in the Medidata litigation is currently in process and no trial date has been set.

While it is not possible at this time to predict with any degree of certainty the ultimate outcome of this action, and we are unable to make a meaningful estimate of the amount or range of loss, if any, that could result from any unfavorable outcome, we believe that Medidata’s claims lack merit.

Other Litigation Matters

From time to time, we may be involved in other legal proceedings and subject to claims incident to the ordinary course of business. Although the results of such legal proceedings and claims cannot be predicted with certainty, we believe we are not currently a party to any other legal proceedings, the outcome of which, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial position. Regardless of the

outcome, such proceedings can have an adverse impact on us because of defense and settlement costs, diversion of resources and other factors, and there can be no assurances that favorable outcomes will be obtained.

Value-Added Reseller Agreement

We have a value-added reseller agreement with salesforce.com, inc. for our use of the Salesforce1 Platform in combination with our developed technology to deliver certain of our multichannel CRM applications, including hosting infrastructure and data center operations provided by salesforce.com. The agreement, as amended, requires that we meet minimum order commitments of \$500 million over the term of the agreement, which ends on September 1, 2025, including “true-up” payments if the orders we place with salesforce.com have not equaled or exceeded the following aggregate amounts within the timeframes indicated: (i) \$250 million for the period from March 1, 2014 to September 1, 2020 and (ii) the full amount of \$500 million by September 1, 2025. We have met our first minimum order requirement commitment of \$250 million, and as of January 31, 2020, we remained obligated to pay fees of at least \$140.0 million prior to September 1, 2025 in connection with this agreement.

Note 16. Related-Party Transactions

In September 2016, we entered into an agreement with Zoom Video Communications, Inc. (Zoom) to embed two of their products into our multichannel CRM applications. Pursuant to this agreement, we will pay Zoom a fixed annual fee that is not material to us. We have also entered into a contract with Zoom pursuant to which Zoom provides conference call, video conference and web conference capabilities for our internal use. Pursuant to this agreement, we pay Zoom a fee based on usage that has not been material in the past and that we do not expect to be material in the future. Our chief executive officer is on the board of directors of Zoom. Also, another member of our board of directors is the founder and a general partner of Emergence Capital Partners, one of Zoom's investors.

Note 17. Revenues by Product

Our industry cloud solutions are grouped into two key product areas—Veeva Commercial Cloud and Veeva Vault. Veeva Commercial Cloud is a suite of multichannel CRM applications, territory allocation and alignment applications, master data management applications, customer reference and key opinion leader data, and data services. Veeva Vault is a unified suite of cloud-based, enterprise content and data management applications.

Total revenues consist of the following (in thousands):

	Fiscal Year Ended January 31,		
	2020	2019	2018
Subscription services			
Veeva Commercial Cloud	\$ 468,615	\$ 395,039	\$ 356,415
Veeva Vault	427,679	299,428	203,019
Total subscription services	\$ 896,294	\$ 694,467	\$ 559,434
Professional services			
Veeva Commercial Cloud	\$ 76,347	\$ 62,557	\$ 61,516
Veeva Vault	131,440	105,186	69,609
Total professional services	\$ 207,787	\$ 167,743	\$ 131,125
Total revenues	\$ 1,104,081	\$ 862,210	\$ 690,559

Note 18. Information about Geographic Areas

We track and allocate revenues by principal geographic area rather than by individual country, which makes it impractical to disclose revenues for the United States or other specific foreign countries. We measure subscription services revenue primarily by the estimated location of the end users in each geographic area for Veeva Commercial Cloud and primarily by the estimated location of usage in each geographic area for Veeva Vault. We measure professional services revenue primarily by the location of the resources performing the professional services. Beginning with the fiscal quarter ended October 31, 2019, certain revenues by geographic areas have been reclassified. Prior periods have been adjusted to reflect this change, and the effect of this change is not material for any period previously presented.

Total revenues by geographic area were as follows for the periods shown below (in thousands):

	Fiscal Year Ended January 31,		
	2020	2019	2018
Revenues by geography			
North America	\$ 607,704	\$ 480,713	\$ 377,797
Europe	310,215	228,784	181,940
Asia Pacific	151,052	124,431	107,397
Rest of world ⁽¹⁾	35,110	28,282	23,425
Total revenues	<u>\$ 1,104,081</u>	<u>\$ 862,210</u>	<u>\$ 690,559</u>

(1) Middle East, Africa, and Latin America

Long-lived assets by geographic area are as follows as of the periods shown below (in thousands):

	January 31,		
	2020	2019	2018
Long-lived assets by geography			
North America	\$ 51,334	\$ 51,748	\$ 49,214
Europe and rest of world	2,077	1,783	1,840
Asia Pacific	1,341	1,435	1,230
Total long-lived assets	<u>\$ 54,752</u>	<u>\$ 54,966</u>	<u>\$ 52,284</u>

Note 19. 401(k) Plan

We have a qualified defined contribution plan under Section 401(k) of the Code covering eligible employees as well as a Registered Retirement Savings Plan (RRSP) for eligible employees in Canada. Under the 401(k) plan, we match up to \$2,000 per employee per year. Under the RRSP plan, we also match up to \$2,000 per employee per year. For the fiscal years ended January 31, 2020, 2019, and 2018, total expense related to these plans was \$3.9 million, \$3.3 million, and \$0.4 million respectively.

Note 20. Selected Quarterly Financial Data (Unaudited)

Selected summarized quarterly financial information for fiscal years ended January 31, 2020 and 2019 is as follows (in thousands):

	Three Months Ended							
	Jan. 31, 2020	Oct. 31, 2019	Jul. 31, 2019	Apr. 30, 2019	Jan. 31, 2019	Oct. 31, 2018	Jul. 31, 2018	Apr. 30, 2018
(in thousands)								
Consolidated Statements of Income Data:								
Total revenues	\$ 311,508	\$ 280,921	\$ 266,900	\$ 244,752	\$ 232,323	\$ 224,731	\$ 209,609	\$ 195,547
Gross profit	217,189	207,592	196,682	179,249	167,797	163,357	150,383	135,392
Operating income	60,394	80,800	73,856	71,169	62,998	63,094	52,818	43,956
Net income	\$ 66,182	\$ 82,245	\$ 79,242	\$ 73,449	\$ 71,151	\$ 64,085	\$ 50,286	\$ 44,310
Net income per share:								
Basic	\$ 0.44	\$ 0.56	\$ 0.54	\$ 0.50	\$ 0.49	\$ 0.44	\$ 0.35	\$ 0.31
Diluted	\$ 0.42	\$ 0.52	\$ 0.50	\$ 0.47	\$ 0.45	\$ 0.41	\$ 0.32	\$ 0.29

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of January 31, 2020. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s (SEC) rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures as of January 31, 2020, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

(b) Management’s Annual Report on Internal Controls Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our management conducted an assessment of the effectiveness of our internal control over financial reporting as of January 31, 2020 based on the criteria set forth in the 2013 *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In accordance with guidance issued by the Securities and Exchange Commission, companies are permitted to exclude acquisitions from their final assessment of internal control over financial reporting for the first fiscal year in which the acquisition occurred. Our management’s evaluation of internal control over financial reporting excluded the internal control activities of Crossix and Physicians World, which we acquired on November 1, 2019 and November 7, 2019, respectively. We have included the financial results of Crossix and Physicians World in the consolidated financial statements from the respective dates of acquisition. Crossix’ and Physicians World’s internal controls over financial reporting associated with total assets, in aggregate, of 4% and total revenues, in aggregate, of 2% included in our consolidated financial statements as of and for the year ended January 31, 2020.

Based on the assessment, our management has concluded that our internal control over financial reporting was effective as of January 31, 2020 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP. Our independent registered public accounting firm, KPMG LLP, has issued an audit report with respect to our internal control over financial reporting, which appears in Part II, Item 8 of this Form 10-K.

(c) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the fiscal quarter ended January 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

(d) Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been or would be detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

ITEM 9B. OTHER INFORMATION

None.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item will be contained in our definitive proxy statement to be filed with the Securities and Exchange Commission in connection with our 2020 annual meeting of stockholders (the "Proxy Statement"), which we expect to file not later than 120 days after the end of our fiscal year ended January 31, 2020, and is incorporated in this report by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be set forth in the Proxy Statement, which we expect to file not later than 120 days after the end of our fiscal year ended January 31, 2020 and is incorporated in this report by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item will be set forth in the Proxy Statement, which we expect to file not later than 120 days after the end of our fiscal year ended January 31, 2020 and is incorporated in this report by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item will be set forth in the Proxy Statement, which we expect to file not later than 120 days after the end of our fiscal year ended January 31, 2020 and is incorporated in this report by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item will be set forth in the Proxy Statement, which we expect to file not later than 120 days after the end of our fiscal year ended January 31, 2020 and is incorporated in this report by reference.

PART IV.

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of, or incorporated by reference into, this Form 10-K:

1. *Financial Statements.* See Index to Consolidated Financial Statements under Item 8 of Form 10-K.
2. *Financial Statement Schedules.* All schedules have been omitted because the information required to be presented in them is not applicable or is shown in the consolidated financial statements or related notes.
3. *Exhibits.* We have filed, or incorporated into this Form 10-K by reference, the exhibits listed on the accompanying Exhibit Index immediately preceding the signature page of this Form 10-K.

(b) *Exhibits.* See Item 15(a)(3) above.

(c) *Financial Statement Schedules.* See Item 15(a)(2) above.

Item 16. FORM 10-K SUMMARY

A Form 10-K summary is provided at the beginning of this document, with hyperlinked cross-references. This allows users to easily locate the corresponding items in this Form 10-K, where the disclosure is fully presented. The summary does not include certain Part III information that is incorporated by reference to the Proxy Statement.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
2.1	Share Purchase Agreement, dated September 29, 2015, among Veeva Systems Inc., Veeva U.K. Holdings Limited, Accel-KKR Structured Capital Partners, LP and the other sellers party thereto.	8-K	001-36121	2.1	10/1/2015	
2.2	Deed of Variation of Share Purchase Agreement, dated May 11, 2016, among Veeva Systems Inc., Veeva U.K. Holdings Limited, Accel-KKR Structured Capital Partners, LP and the other sellers party thereto.	10-Q	001-36121	2.2	6/8/2016	
2.3	Agreement and Plan of Merger, dated September 26, 2019, among Veeva Systems Inc., P109 Merger Sub., Inc., Crossix Solutions Inc. and the other sellers party thereto.	8-K	001-36121	2.1	9/26/2019	
3.1	Restated Certificate of Incorporation of Registrant.	8-K	001-36121	3.1	10/22/2013	
3.2	Amended and Restated Bylaws of Veeva Systems Inc.	S-1/A	333-191085	3.4	10/3/2013	
4.1	Form of Registrant's Class A common stock certificate.	S-1/A	333-191085	4.1	10/3/2013	
4.2	Description of Capital Stock.					X
10.1	Data Processing Addendum, dated April 4, 2014, to Value-Added Reseller Agreement, between Registrant and salesforce.com, inc., as amended.	10-Q	001-36121	10.1	6/6/2014	
10.2	Purchase and Sale Agreement, dated June 11, 2014, between Registrant and The Duffield Family Foundation, as amended July 16, 2014.	10-Q	001-36121	10.1	9/11/2014	
10.3	Description of Non-Employee Director Compensation.	8-K	001-36121	Item 5.07	6/15/2018	
10.4	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.	S-1/A	333-191085	10.1	10/3/2013	
10.5*	2007 Stock Plan and forms of agreements thereunder.	S-1	333-191085	10.2	9/11/2013	
10.6*	2012 Equity Incentive Plan and forms of agreements thereunder.	S-1	333-191085	10.3	9/11/2013	
10.7*	2013 Equity Incentive Plan and forms of agreements thereunder.	10-K	001-36121	10.4	3/28/2019	

Form 10-K

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.8*	2013 Employee Stock Purchase Plan.	S-1/A	333-191085	10.5	10/3/2013	
10.9**	Amended and Restated Value-Added Reseller Agreement, dated September 2, 2010, between Registrant and salesforce.com, inc., as amended December 3, 2010, December 13, 2010, April 15, 2011, August 23, 2011, September 29, 2011, April 3, 2012 and May 24, 2012.	S-1/A	333-191085	10.7	9/20/2013	
10.10**	Eighth Amendment, dated March 3, 2014, to Amended and Restated Value-Added Reseller Agreement, dated September 2, 2010, between Registrant and salesforce.com, inc., as amended.	8-K	001-36121	10.1	3/4/2014	
10.11*	Offer letter, dated June 20, 2013, between Peter P. Gassner and the Registrant.	S-1	333-191085	10.8	9/11/2013	
10.12*	Offer letter, dated June 19, 2013, between Matthew J. Wallach and the Registrant.	S-1	333-191085	10.9	9/11/2013	
10.13*	Offer letter, dated January 25, 2010, between Timothy S. Cabral and the Registrant.	S-1	333-191085	10.10	9/11/2013	
10.14*	Offer letter, dated March 16, 2012, between Ronald E. F. Codd and the Registrant.	S-1	333-191085	10.11	9/11/2013	
10.15*	Offer letter, dated August 14, 2012, between Jonathan W. Faddis and the Registrant.	10-Q	001-36121	10.1	6/4/2015	
10.16*	Description of Non-Employee Director Compensation.	8-K	001-36121	10.1	6/15/2018	
10.17	Data Processing Addendum, dated January 23, 2016, to Value-Added Reseller Agreement, between Registrant and salesforce.com, inc., as amended.	10-K	001-36121	10.17	3/31/2016	
10.18*	Offer letter, dated February 20, 2015, between Alan V. Mateo and the Registrant.	10-Q	001-36121	10.1	6/8/2016	
10.19*	Offer letter, dated January 23, 2013, between E. Nitsa Zuppas and the Registrant.	10-Q	001-36121	10.2	6/8/2016	
10.20	Ninth Amendment, dated August 11, 2016, to Amended and Restated Value-Added Reseller Agreement, between salesforce.com, inc. and the Registrant, as amended.	10-Q	001-36121	10.1	9/8/2016	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.21*	Offer Letter, dated January 15, 2016, between Frederic Lequient and the Registrant.	10-Q	001-36121	10.1	6/8/2017	
10.22*	2013 Equity Incentive Plan Forms of Notice of Stock Option Grants to Peter P. Gassner.	10-K	001-36121	10.22	3/30/2018	
21.1	List of Subsidiaries of Registrant.					X
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm.					X
24.1	Power of Attorney (see page 109 of this Annual Report on Form 10-K).					X
31.1	Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.					X
31.2	Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.					X
32.1†	Certification of Chief Executive Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.					X
32.2†	Certification of Chief Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.					X
101.INS	XBRL Instance Document.					X
101.SCH	XBRL Taxonomy Schema Linkbase Document.					X
101.CAL	XBRL Taxonomy Calculation Linkbase Document.					X
101.DEF	XBRL Taxonomy Definition Linkbase Document.					X
101.LAB	XBRL Taxonomy Labels Linkbase Document.					X
101.PRE	XBRL Taxonomy Presentation Linkbase Document.					X

* Indicates a management contract or compensatory plan.

** Portions of this exhibit (indicated by asterisks) have been omitted pursuant to an order granting confidential treatment. Omitted portions have been submitted separately to the Securities and Exchange Commission (SEC).

† The certifications attached as Exhibit 32.1 and 32.2 that accompany this Form 10-K are not deemed filed with the SEC and are not to be incorporated by reference into any filing of Veeva Systems Inc. under the Securities Act of 1933, as amended (Securities Act), or the Securities Exchange Act of 1934, as amended (Exchange Act), whether made before or after the date of this Form 10-K, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Pleasanton, State of California, on this 30th day of March 2020.

VEEVA SYSTEMS INC.

/s/ TIMOTHY S. CABRAL

Timothy S. Cabral
Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Peter P. Gassner and Timothy S. Cabral, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ PETER P. GASSNER</u> Peter P. Gassner	Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	March 30, 2020
<u>/s/ TIMOTHY S. CABRAL</u> Timothy S. Cabral	Chief Financial Officer <i>(Principal Financial Officer)</i>	March 30, 2020
<u>/s/ MICHELE O'CONNOR</u> Michele O'Connor	Chief Accounting Officer <i>(Principal Accounting Officer)</i>	March 30, 2020
<u>/s/ TIM BARABE</u> Tim Barabe	Director	March 30, 2020
<u>/s/ MARK CARGES</u> Mark Carges	Director	March 30, 2020
<u>/s/ PAUL CHAMBERLAIN</u> Paul Chamberlain	Director	March 30, 2020
<u>/s/ RONALD E.F. CODD</u> Ronald E.F. Codd	Director	March 30, 2020

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ MARY LYNNE HEDLEY</u> Mary Lynne Hedley	Director	March 30, 2020
<u>/s/ GORDON RITTER</u> Gordon Ritter	Chairman of the Board of Directors	March 30, 2020
<u>/s/ PAUL SEKHRI</u> Paul Sekhri	Director	March 30, 2020
<u>/s/ MATTHEW J. WALLACH</u> Matthew J. Wallach	Director	March 30, 2020

BOARD OF DIRECTORS

Gordon Ritter

Chairman of the Board

Tim Barabe

Mark Carges

Paul Chamberlain

Ron Codd

Peter Gassner

Mary Lynne Hedley

Paul Sekhri

Matt Wallach

COMPANY EXECUTIVE OFFICERS

Peter Gassner

Chief Executive Officer

Tom Schwenger

President and
Chief Operating Officer

Tim Cabral

Chief Financial Officer

Nitsa Zuppas

Chief Marketing Officer

Alan Mateo

Executive Vice President,
Global Sales

Josh Faddis

Senior Vice President,
General Counsel and
Corporate Secretary

Frederic Lequient

Senior Vice President,
Global Customer Services

CORPORATE HEADQUARTERS

Global Headquarters

4280 Hacienda Drive
Pleasanton, CA 94588
USA

Europe Headquarters

Carrer de la Diputacio
303, Atico, 08009 Barcelona
Spain

China Headquarters

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